

In Stone Age Cavern, A Stunning Menagerie

Archaeologists Thrilled by Discovery Of Vivid Wall Paintings in France

By Marlies Simons

New York Times Service

PARIS — In the mountains of southern France, where humans have habitually hunted, loved and produced art, explorers have discovered an underground cave full of Stone Age paintings, so beautifully made and well preserved that experts are calling it one of the archaeological finds of the century.

The enormous cavern, which was found last month in a gorge near the town of Vallon-Pont-d'Arc in the Ardèche region, is studded with more than 300 vivid images of animals and human hands that experts believe were made about 20,000 years ago.

In this great parade of beasts appear woolly-haired rhinos, bears, mam-

moth, oxen and other familiar images from the end of the Paleolithic era, creatures large and small and variously drawn in yellow ochre, charcoal and hematite.

The murals have surprised specialists because they include a rare image of a red, slouching hyena and the era's first-ever recorded paintings of a panther and several owls. Specialists say this ancient art gallery surpasses in size that of the famous caves of Lascaux and Altamira, which are widely held to be Western Europe's finest collection of Stone Age art.

Archaeologists said they were thrilled not only by the number and the quality of the images but also by the discovery that the great underground site, sealed by fallen debris, appears to have been left undisturbed for thousands of years.

One remarkable find, they said, was the skull of a bear, placed on a large rock set in the middle of one gallery against a backdrop of bear paintings.

"Is this some kind of altar? Someone placed the skull there for a reason," said Jean Clottes, France's leading rock art

specialist. Many other skulls and bones of bears were found in the underground warren, along with bones, flint knives, footprints and remains of fire-places, all of which archaeologists hope will provide important clues to the intriguing question: What was the purpose of the paintings; what did their makers have in mind?

"Here we have a virgin site, completely intact," said Mr. Clottes. "It may well change our perception, our thinking about the purpose and the use of cave art."

A measure of the importance France attaches to the find was that the minister of culture, Jacques Toubon, chose to announce it himself Wednesday at a news conference in Paris, in the company of France's top archaeologists.

"This discovery is of exceptional value because of its magnitude and because it was found undisturbed," Mr. Toubon said. "It will help us to understand how human symbolism came to be."

He added that the site would not be open to the public in the near future but that it had been placed under government protection and would be accessible to archaeologists.

The first inkling of a great, unknown cave came on Dec. 18, when two men and a woman were exploring in the gorges of Ardèche.

"At one point, we felt a draught coming out of the ground," said Jean-Marie Chauvet, a government guard of prehistoric sites and one of the three explorers. "For us that's a sign there is something else."

He said it took much of that day to clear fallen debris from the narrow passageway they had found.

The trio returned on Dec. 24 and crawled through the passageway they had cleared.

"Then we saw the first red markings on the walls with our helmet lights," said Christian Hillaire, an amateur explorer. "So we kept going."

They lowered themselves on a rope, entering a great cavern through its ceiling.

"There we began to see human markings and drawings everywhere," said Mr. Hillaire. "It was a great moment. We all shouted and yelled."

As the explorers advanced on their next visit, they discovered four main halls, connected to one another by smaller galleries. The first hall they entered had only red paintings while in another hall all the murals were drawn in black.

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Japan's Tolls: 250,000 Homeless, 3,000 Dead, Damage in Billions



A woman walking through the burned-out ruins of a Kobe neighborhood. There were shortages of food, water and medicines on Wednesday in the stricken area.

Guessing Game Begins On the Economic Costs

By Steven Brull

International Herald Tribune

TOKYO — Estimates of the economic costs of the earthquake that struck Western Japan escalated Wednesday, from a low of \$20 billion to as much as \$200 billion. Despite the staggering sums, economists said the impact to the world's second-biggest economy would be slightly positive on balance.

The wide variance reflected great uncertainty over the extent of damage as well as differences over how to measure and assess ripple effects in a regional economy with an output as big as Canada's. While some economists merely calculated the cost to replace damaged structures, others attempted to project the value of new investments and lost production.

Many also recalled how the costs of last year's earthquake in Los Angeles escalated as the extent of damage unfolded. Tuesday's earthquake near Kobe damaged or destroyed 20,630 buildings, police said early Thursday morning.

"The cost of reconstruction is probably in excess of 10 trillion yen," or \$100 billion, said Johnsen Takahashi, senior fellow

at the Mitsubishi Research Institute. "But the figure could rise to 20 trillion if you consider the total cost of replacing destroyed homes and roadways with more modern and safer structures."

Indeed, the earthquake exposed structural deficiencies in the national highway and bullet train networks that could require huge sums to correct.

An expenditure of 20 trillion yen would be about twice the value of the largest fiscal stimulus package deployed by Japan during the depths of its recent recession.

Other economists, such as J.P. Morgan's Jesper Koll, put the cost of reconstruction much lower, at 4.5 trillion to 6 trillion yen. He said the damage was restricted to a relatively small area of Kobe that was a commercial rather than manufacturing center. Only a handful of production lines were closed down, mostly to assess damage. The disruption to Kobe Port, Japan's second largest, also was unlikely to present insurmountable logistic problems to the region's manufacturers.

"The risk of supply disruption is very

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Rescuers Overwhelmed By Extent of Tragedy

By Nicholas D. Kristof

New York Times Service

TOKYO — The authorities began full-fledged relief efforts Wednesday across a broad swathe of Western Japan but they acknowledged that they were overwhelmed by the challenge of caring for the up to 250,000 people left homeless by a devastating earthquake.

Food, water and medicines are in desperately short supply, and some of the refugees — prosperous business owners on Monday, homeless people on Tuesday — are reduced to scooping water from puddles left by broken water mains.

Early Wednesday, Japanese police reported that 3,021 people had been killed in the quake, which struck before dawn Tuesday. More than 14,500 were injured and nearly 20,000 buildings heavily damaged or destroyed. Most of the deaths and destruction were in the port city of Kobe, near the epicenter of the quake.

At the same time that they are trying to feed the tens of thousands of homeless, the authorities are continuing a frantic search for 870 people still listed as missing, many of who may be entombed in the rubble.

Fire fighters have extinguished the blazes that had turned huge neighborhoods in Kobe and other cities into infernos, but thousands of troops are racing against time to probe 800 sites where people may be buried.

The earthquake, which measured 7.2 on the Richter Scale, was the worst to strike urban areas of Japan in more than 70 years. The Kansai region, which includes Kobe and Osaka and is one of the world's major commercial centers, remains largely paralyzed.

With unofficial damage estimates ranging in the tens of billions of dollars, the quake will be one of the most expensive natural disasters on record.

Troops are using specially-trained dogs to search for those still buried under boards and slabs of concrete. Rescuers used heavy machinery to move beams and concrete blocks and then sifted through the earth with their fingers.

Japanese television showed a 64-year-old photo shop owner, Shinjo Adachi, being pulled out after being encased in debris for 34 hours. Mr. Adachi, still wearing the

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Christopher Is 'Reassured' By Russia's Chechnya Vows

By William Drozdiak

Washington Post Service

GENEVA — Secretary of State Warren M. Christopher said he was reassured during six hours of talks Wednesday with Foreign Minister Andrei V. Kozyrev that Russia would allow humanitarian aid to reach Chechnya and hold free elections there in order to achieve a political solution to the republic's bloody drive for independence.

Even as Russia pressed ahead with its military assault to suppress the secessionist rebellion, Mr. Christopher and Mr. Kozyrev said at a press conference after two days of discussions here that they wanted to prevent Russia's most violent conflict since Afghanistan from inflicting lasting damage to the new strategic partnership between Washington and Moscow.

Russia's president, Boris N. Yeltsin, asserted Wednesday in Moscow that he was "in strict control" of the military operation in Chechnya and ruled out any negotiations with the Chechen leader. (Page 2)

"The United States supports the territorial integrity of Russia, but we are concerned about the price the war is exacting in terms of human life and Russia's standing in the world," Mr. Christopher said. He said the West had "a clear interest in a stable, democratic Russia" and did not want to see it "mired in a quagmire."

Mr. Kozyrev's promises came in response to escalating demands from Western countries that Russia reaffirm its respect for human rights and democratic reforms or face punitive measures by the international community. They followed a cease-fire proposal earlier this week by Russia's prime minister, Viktor S. Chernomyrdin, that has largely gone unheeded.

Mr. Kozyrev said he had met here with United Nations and International Red Cross officials to arrange for the delivery of relief assistance. Russian troops have been accused of preventing the assistance from reaching the Chechen population out of worry that the supplies might reinforce rebel fighters.

He also told Mr. Christopher that Russia wanted to cooperate with a peace mission from the 52-nation Organization for Security and Cooperation in Europe and move toward free elections in the breakaway province to be attended by neutral international observers.

While encouraged by Mr. Kozyrev's comments, Mr. Christopher said the future course of the relationship would largely be

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For the Fortunate Ones, the Daily Grind Goes On

By T. R. Reid

Washington Post Service

NISHINOMIYA, Japan — "So, it's a beautiful winter morning, and I'm eating my rice and pickled plums," Hanako Hirata recalled. "And then there's this tremendous GATTA GATTA GATTA, and the house is shaking like crazy, and I thought my kids were upstairs jumping around on the floor again."

As Mrs. Hirata discovered to her horror within seconds, it was not children at play but nature at work that jolted her neigh-

borhood in this crowded town just east of the port of Kobe on Tuesday morning.

Mrs. Hirata and her neighbors, near the epicenter of Tuesday's earthquake, were in the worst natural disaster to hit central Japan in almost half a century.

Mrs. Hirata was lucky. "The tiles went rumbling off our roof, but otherwise our house didn't get much damage," she said Wednesday. But when she and her neighbors were shuttled to the gym at Kawaragi Elementary School, she discovered that many people on her street had lost nearly everything.

With characteristic Japanese grit, however, Mrs. Hirata left the school gym early Wednesday morning, got on her bicycle and set off on the daily rounds of her job — delivering yogurt drinks.

"Yes, we had a terrible earthquake," Mrs. Hirata said. "But you still have to go to work."

Nishinomiya ranked second only to Kobe in numbers of dead and injured from the quake, but here, too, the pattern of destruction was uneven. A row of vending machines lay toppled on a veritable mountain of broken glass in front of a car

dealership, but across the street a gas station operated in immaculate condition.

Long lines of shoppers stood patiently outside the few stores selling groceries. Acrid smoke lingered in otherwise crisp air, but all fires seemed to have been extinguished by noon on Wednesday.

The quake's quirky nature was crystallized at a wooden home where the entire first floor had poured out into the street, including a pink toilet with Donald Duck characters on the lid. But in the garden of

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Santer's EU: Old Rifts Still Writ Large?

By Tom Buerkle

International Herald Tribune

STRASBOURG, France — The European Parliament endorsed the executive commission of Jacques Santer on Wednesday in a vote that held no surprises but left many questions over how effectively the new president would be able to lead the deeply divided European Union.

At the same time, the endorsement raised doubts on whether the Parliament had mounted a genuine challenge to the European Commission, or merely feinted before falling back into its accustomed passive role.

The 416-to-103 vote marked the first time the European Union's only democratically elected representatives have passed judgment on an executive agency often criticized for being out of touch with the people.

Members of Parliament cited this in

itself as evidence of concessions by the commission that, while not tremendously empowering, are nevertheless significant.

"It really has been a collaboration where both institutions, the Parliament and the commission, emerge victorious," said Mr. Santer, the president-designate of the European Commission.

That couldn't be said for Ritt Bjerregaard, the outspoken Danish commissioner for environmental policy.

Criticized last week for reportedly calling the chamber "not a real Parliament," she sent a letter to members Tuesday evening denying the remark and attributing the report to a faulty translation.

But Jean-Louis Bourlanges, a French conservative, interrupted the vote Wednesday, waving a copy of the original Danish interview that he said backed up the report.

Mr. Bourlanges was ruled out of order,

and Mr. Santer said Mrs. Bjerregaard was taken out of context, but members said she would need to work hard to establish credibility with Parliament.

Otherwise, Mr. Santer reiterated his pro-Union sentiments but, in an effort to not arouse skeptics in Britain, France and elsewhere about European unity, he avoided any specific commitments.

He pledged to work for more effective EU action on foreign affairs and immigration and justice matters, but declined to say whether that would require new EU powers at the expense of national governments.

Mr. Santer will be pressed quickly to go beyond the role of consensus-seeker.

His first challenge will most likely be culture. France, which just assumed the Union's rotating presidency, wants Mr. Santer to propose a tightening of European quotas on television programming.



Prime Minister Edouard Balladur announced his candidacy for the French presidency.

Kiosk

Simpson Judge Allows Evidence of Violence

LOS ANGELES (AP) — Judge Lance A. Ito ruled Wednesday that the jury can hear about several instances of violence in O.J. Simpson's marriage to Nicole Brown Simpson, including a 1989 incident in which he pleaded no-contest to wife beating.

The decision was a victory for prosecutors, who hope to use evidence of domestic violence during the couple's relationship to support their contention that her murder was the culmination of years of abuse and degradation. The judge such evidence is necessary to prove motive and intent.

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Dow Jones	Trib Index
Down 1.68	Down 0.43%
3028.98	110.99
The Dollar	
New York	West. close
DM	1.5342
Pound	1.5693
Yen	99.615
FF	5.3025

Newsstand Prices	
Andorra.....9.00 FF	Luxembourg 60 L. Fr
Antilles.....11.20 FF	Morocco.....12 Dh
Cameroon.....1.400 CFA	Qatar.....8.000 Riels
Egypt.....E.P. 3000	Réunion.....11.20 FF
France.....9.00 FF	Saudi Arabia.....9.00 R
Gabon.....960 CFA	Senegal.....960 CFA
Greece.....350 Dr.	Spain.....225 PTAS
Italy.....2,400 Lire	Tunisia.....1,000 Din
Ivory Coast.....1,120 CFA	Turkey.....T.L. 45,000
Jordan.....J.D. 1.50	U.A.E.....8.50 Dirh
Lebanon.....US\$1.50	U.S. Mil. (Eur.) \$1.10

Balladur, Ahead in French Polls, Declares His Candidacy

By Craig R. Whitney

PARIS — Prime Minister Edouard Balladur, the front-runner in spring presidential elections according to all the public opinion polls, finally said Wednesday that he was a candidate.

In a formal statement, broadcast on television and radio, the 65-year-old conservative promised a "positive, serene and optimistic" campaign that would steer clear of personal attacks on rivals in the race to succeed the ailing 79-year-old Socialist incumbent, François Mitterrand, whose term ends in May.

Mr. Balladur's announcement was no surprise. As things stand, his most formidable rival in the two-stage election is another member of the Gaullist movement — Jacques Chirac, the 62-year-old mayor of Paris. Mr. Chirac, who had been twice prime minister, did not compete with Mr. Balladur for the post in 1993, freeing himself for a clear shot at the presidency, for which he ran unsuccessfully in 1988.

France's main European partners are preparing for a Balladur victory. Chancellor Helmut

Kohl of Germany, a close friend of Mr. Mitterrand, recently spent a day cementing personal bonds with Mr. Balladur at a French alpine resort.

Mr. Kohl's aides say that Mr. Balladur is as convinced as Mr. Mitterrand was that the key to the future development of Europe is a close relationship between France and Germany, but they worry whether he can stay clear of corruption scandals, which have forced three French cabinet ministers to resign in the last year.

Mr. Kohl's real favorite, German insiders say, had been Jacques Delors, president of the European Commission until Wednesday, but Mr. Delors took himself out of the race last month. Since then, three Socialists, Lionel Jospin, Henri Emmanuelli and Jack Lang, have all said they would be available to run when their party picks its nominee next month.

None of them is anywhere near Mr. Balladur in the public opinion polls, which show him winning 40 percent or more of the vote in the first round of the election April 23. A runoff will be

held May 7 if no one wins a majority in the first round.

The prime minister, riding a wave of popularity as France recovers from economic recession, said that he was running to prepare the country for the competitive economic rigors of the 21st century.

"France does not have to be afraid; not of the future, nor of others, nor of the world," he said. "She should believe in herself."

According to the daily Le Monde, two out of three Gaullist members of Parliament support Mr. Chirac, but 7 out of its 11 cabinet ministers are backing Mr. Balladur.

Foremost among them is Interior Minister Charles Pasqua, who has led a crackdown on illegal immigration from North Africa and elsewhere and made the prime minister look like an anti-terrorist hero when a paramilitary unit stormed an Air France plane hijacked by Islamic extremists from Algeria.

Mr. Balladur, a former finance minister, has been less resolute in forcing through unpopular economic change, fearing that moving too fast

and cutting back social benefits too sharply could produce a repeat of the social unrest in 1968.

Mr. Chirac has argued that private enterprise can do better at creating jobs than government can, with more than 12 percent of French workers unemployed.

He and his supporters, who include Foreign Minister Alain Juppé, gave no hint Wednesday that he planned to bow out.

Mr. Mitterrand, who has been president since 1981, is suffering from cancer of the prostate. So far, Mr. Balladur is the 10th candidate to throw his hat into the ring to succeed him for a seven-year term.

Among the others is Jean-Marie Le Pen, the leader of the extreme-right National Front.

Kouchner Out of Hospital

Bernard Kouchner, a potential candidate for the French left in this year's presidential elections, ended a six-day stay in hospital on Wednesday after suffering a lesion on a major artery to the brain. Reuters reported from Paris.

WORLD BRIEFS

2 Americans Held, Group Claims

ANKARA (Reuters) — An unknown Lebanese group told the Anatolian News Agency on Wednesday that it was holding a U.S. officer and his son, missing in Turkey, and would kill them if a pro-Iranian guerrilla commander held by Israel was not freed in 48 hours.

The agency said someone speaking poor Turkish, claiming to be phoning from outside the country on behalf of the Lebanese Freedom Fighters group, called three times, saying the group held an air force lieutenant colonel, Mike Couillard, 37, and his son Matthew, 10. The two have been missing for three days in northwestern Turkey after disappearing on a skiing trip. U.S. troops, backed by helicopters, are searching for the pair.

U.S. officials in Turkey said they had not received any calls, and one official cast doubts on the claim, suggesting it was a hoax.

Algiers Rejects Militants' Peace Plan

ALGIERS (Combined Dispatches) — The Algerian government on Wednesday rejected a peace offer made in Rome last week by eight opposition parties to end the three-year conflict. "The Rome contract is not the one Algeria awaits," a government spokesman said in the first official reaction by the authorities. "As for the confusion of ideas this so-called contract is supposed to introduce, we reject them completely and in detail."

On Friday, the participants in the Rome conference, including the outlawed Islamic Salvation Front, published a five-page document, described as a "national contract," that called for the release of political prisoners and an end to a state of emergency. France and the United States have backed the plan. (AP, Reuters)

U.S. Oil Arrives at North Korea Port

WASHINGTON (Reuters) — A first shipment of oil promised by the United States to North Korea as part of its nuclear deal with Pyongyang has arrived in a North Korean port, the U.S. State Department said Wednesday.

The deliveries of the heavy oil are ongoing at this time, and I understand that a first ship arrived and began off-loading yesterday," a department spokesman said.

The oil is being provided under an agreement signed by the United States and North Korea to end the crisis over the North's suspected development of nuclear weapons.

Rabin Tries to Calm Settlement Crisis

JERUSALEM (AP) — Attempting to defuse a crisis over Jewish settlements, Prime Minister Yitzhak Rabin promised Wednesday that there would be no more housing starts in the occupied West Bank without the approval of the full cabinet.

Mr. Rabin made the pledge in a meeting with his junior coalition partner, the liberal Meretz party, which had demanded that Israel halt all settlement construction and warned that peace talks with the Palestinians were in danger.

"From now on, any act of construction will need the approval of the full cabinet," Mr. Rabin's spokesman, Oded Ben-Ami, said. In the past, a government committee approved such building plans, he added. Mr. Ben-Ami said he did not know whether the roughly 4,000 units currently under construction in Jewish settlements in the West Bank would be completed.

Major Faces Defeat on Fishing Issue

LONDON (AP) — The Conservative government, short of its majority in Parliament, battled on Wednesday to avoid defeat over a European Union decision that gives Spanish fishermen new access to British waters.

A censure motion was put forward by the opposition Labor Party over the EU decision to open to Spanish boats a 90,000-square-mile (233,000-square-kilometer) area of sea between southwest England and Scotland.

The nonbinding motion would not bring down the government, but would be an embarrassment for the government of Prime Minister John Major.

New Italian Leader Seeks Time

Will Resign in 'a Few Months,' He Pledges

By William Drozdiak

ROME — In a move designed to appease Silvio Berlusconi, his increasingly stubborn predecessor, Prime Minister Lamberto Dini said he and his cabinet would stay in office long enough to enact their program and then make way for a newly elected government.

Mr. Berlusconi has said that he would not support Mr. Dini's government unless he was assured that it would lead the country to new elections, and on Wednesday he demanded a public commitment not only from Mr. Dini but also from President Oscar Luigi Scalfaro.

In private conversations last week, Mr. Berlusconi said, the president promised an election by mid-June.

The lira recovered some of its poise late Wednesday as investors took the position that Mr. Dini might be able to put together a functioning government.

In late trading, the Deutsche mark was quoted at 1,056.38 lire, down slightly from its close Tuesday of 1,057. Earlier Wednesday, the mark traded as high as 1,063.85 lire, near its record of 1,065.50.

The Milan bourse closed 1.5 percent higher, recovering from a bad start.

Mr. Dini said his government had a "duty to carry out its unavoidable emergency task until the political forces freely chosen by the voters are able to form a government which is more representative of popular sovereignty."

He avoided mentioning any fixed date, noting that under the Italian Constitution that was the president's responsibility. But he said he was prepared to resign as soon as his government accomplished its objectives, which, he said, could be a matter of "a few months."

The new prime minister, a former general director of the Bank of Italy who still holds the portfolio of Treasury minister, said he was keenly aware of the "restlessness on national and international markets" as they follow Italy's political crisis.

He said there was an urgent need for "an effective government of action that must be carried out with full responsibility, and thus with the loyal support of the widest possible parliamentary majority."

Legislators said Wednesday that debate on the new government would begin early next week, with at least one confidence vote in the 630-member Chamber of Deputies likely to come as early as Wednesday.

Technically, the new govern-

ment has 10 days from the date of its appointment to win parliamentary approval.

Without the votes of Mr. Berlusconi and his fractured Freedom Alliance coalition, the winner in the parliamentary election in March, Mr. Dini is unlikely to get the support he needs to carry out his program of economic and political reforms.

Mr. Dini met Wednesday night with Mr. Scalfaro. The president has been sharply attacked in recent days by Mr. Berlusconi's allies, who have accused him of luring the former prime minister into a trap that left him with no representation in the new government and no formal commitment that Mr. Dini's role would be transitional only.

In the end, the clash has turned on the question of new elections, which the Berlusconi faction had said was understood, although not public, part of the deal leading to Mr. Dini's appointment last week.

From the day he resigned almost a month ago, Mr. Berlusconi has insisted either on his own reappointment as prime minister or on new elections. Nothing else, he has said repeatedly, would satisfy the popular mandate his Freedom Alliance won last March.



MONSOON PLAY — A child in Jakarta kicking a soccer ball through mud caused by heavy rain that hit the city Wednesday. The storm caused traffic jams and flooding.

Yeltsin Rules Out Talks With Rebel Leader

By Fred Hiatt

MOSCOW — President Boris N. Yeltsin, saying Wednesday that he was in "strict control" of the military operation in the Chechnya region of Chechnya, ruled out any negotiations with the Chechen leader, Dzhokhar Dudayev, and predicted the army would wrap up its work "within days."

Mr. Yeltsin's confidence contrasted with reports from Grozny, the Chechen capital, where separatist fighters were continuing to hold the Russian Army at bay, despite another day of massive artillery and rocket bombardment from the Russian side.

The Associated Press reported that, in some areas, the Chechens were even pushing the Russians back from positions they had occupied earlier, wiping out gains the Russians had made since Jan. 1.

Mr. Yeltsin, whose grip on the government has been questioned during the five weeks of the Chechnya operation, said at the Kremlin on Wednesday that he was personally on top of the situation.

"I strictly control the force structures," he said. "I know the situation every day, and I can assure you that without me nothing serious happens there."

Mr. Yeltsin also said that Defense Ministry forces, who have led the operation into Chechnya with tanks, combat aircraft and tens of thousands of troops, would soon be able to withdraw in favor of Interior Ministry troops, who would conduct a policing and rebuilding operation.

"Don't worry, the Chechen problem will be settled soon,"

Mr. Yeltsin said. "There's no need to make a big fuss."

But Russian troops, who entered Chechnya on Dec. 11 confident of quick victory, have become bogged down against an outnumbered and outgunned but determined foe. Repeated assurances in Moscow that troops were about to end the Chechen rebellion, the army has not yet managed even to blockade Grozny. According to informed estimates, thousands of people have been killed.

An Associated Press correspondent, Barry Reinfrew, reporting from the devastated center of the city, reported that Chechen fighters had retaken the train station, which Russian troops had captured at great cost.

The Chechens also still controlled the presidential palace and they were operating

throughout the city in small detachments almost at will.

Chechnya, a rugged mountain region 1,600 kilometers (1,000 miles) south of Moscow, declared independence from Russia three years ago, when the Soviet Union collapsed.

Neither Russia nor the rest of the world recognized the claim, but a Kremlin preoccupied with other matters did little to challenge it until five weeks ago.

On Tuesday, a Chechen delegation met with Prime Minister Viktor S. Chernomyrdin here and raised hopes of a cease-fire. But there were no signs of peace overtures Wednesday, and Mr. Yeltsin specifically ruled out talks with the Chechen leader.

"We are ready for talks, but not for talks with Dudayev, who simply organized genocide against his own people," Mr. Yeltsin said.

Russian Red Tape Foils Chechnya Relief

By Lee Hockstader

BESLAN, Russia — Larry Hollingworth, a United Nations refugee official, drove to the airport here expecting to meet a large plane load of relief supplies for people who have fled the fighting in Chechnya.

Instead he ran into a blizzard of Russian red tape.

On the phone just an hour earlier, the air traffic control tower had assured Mr. Hollingworth that the plane carrying blankets, kitchen equipment and other supplies was on the way. But at the airport, the deputy director said he knew nothing about the flight.

Besides, the airport official said, there was a new rule: Since

the UN flight originated in Turkey, it had to clear customs in one of three Russian cities: Moscow, Samara or Novgorod. It could not land here.

It was just the latest in a series of hassles, hurdles and headaches that have obstructed international relief efforts trying to rush emergency aid to 300,000 to 400,000 refugees forced from their homes by the war in Chechnya, now in its sixth week.

Refugee officials say the problems they have encountered at the hands of Russian bureaucrats seem designed to ensure that none of the relief aid is used for the benefit of Chechen separatist fighters who continue to resist the Russians.

Decision in IHT Case 'Unfortunate,' U.S. Says

The Associated Press

WASHINGTON — The State Department on Wednesday criticized the decision of a Singapore court to hold in contempt a U.S. professor and the International Herald Tribune because of an opinion piece

published four months before. "The decision is unfortunate," said the department's deputy spokesman, Christine Shelly. "We believe that freedom of expression is a universal right of all people, regardless of their nationality or culture."

A commentary by Christopher Lingle, 46, which appeared in the American-owned IHT on Oct. 7, said some East Asian governments use a "compliant judiciary to bankrupt opposition politicians." Mr. Lingle, the paper's publisher, its editor for Asia and its Singapore distributor and printer were found guilty of contempt and fined.

A New Spokesman for Bonn

Reuters

BONN — Germany on Wednesday named Peter Hausmann, 43, a radio journalist, as its government spokesman. He replaces Dieter Vogel, who retired at the end of February.

Correction

A New York Times article published in the IHT's editions of Jan. 14-15 incorrectly stated that the Metropolitan Museum of Art had preempted the sale of an Old Master painting at an auction of works belonging to the New York Historical Society. The Met said it had not decided whether to try to acquire the work.

TRAVEL UPDATE

Cold Causes Power Crunch in Greece

ATHENS (Knight-Ridder) — The Greek Public Power Corp. warned Wednesday of possible power blackouts this week after what it said was an all-time consumption high of 6,011 gigawatt hours of electricity on Tuesday.

A spate of cold weather was blamed for the spurt in demand. With all units in full production, the utility's maximum daily power output is estimated at 6,479 gigawatt hours. The greater Athens area, home to almost half of Greece's population of about 10 million, consumed a record 2,276 gigawatt hours on Tuesday.

A Greek company has launched a motor scooter taxi service to ferry passengers through Athens's choked streets. The Model Services Co. has 22 Vespa motor scooters with trained riders who will pick up passengers in Athens on an hour's notice. The company charges 50,000 drachmas (\$200) a month to deliver commuters to and from work. (Reuters)

Residents of Iceland's capital, Reykjavik, were advised by police to stay indoors Wednesday during a blizzard, as visibility plunged to zero and winds blew 130 kilometers (80 miles) per hour. Police said more than 1,000 people had fled their homes in Iceland's northwestern fjords and more than 200 houses had been evacuated because of the danger of avalanches. An avalanche on Monday killed 14 people in a fishing village. (Reuters)

Iran has signed a deal with two Swedish firms to build Tehran's first five-star hotel since the 1979 Islamic revolution, a newspaper reported Wednesday. The luxury hotel will be built in the scenic foothills northwest of Tehran by Skanska International Building AB and Scan Consultants at a cost of 127 billion rials (\$7.6 million). Iran News said. (Reuters)

Airport tax for passengers at South African airports will increase by 6 percent starting April 1, as part of new levies to upgrade and maintain facilities. (AP)

Frequent Fliers Can Sue If Benefits Are Restricted

The Associated Press

WASHINGTON — People can sue airlines that retroactively restrict their frequent-flier club benefits, the Supreme Court ruled Wednesday.

The 6-to-2 decision allows an Illinois class-action lawsuit to go forward against American Airlines, inventor of the immensely popular frequent-flier plans now offered by every major airline.

Frequent-flier club members had sued American over restrictions it imposed on the program in 1988 in an effort to hold down costs. The airline limited the number of seats used on each flight for free or discounted tickets and said passengers no longer could use such tickets on heavy travel days such as Christmas and Thanksgiving.

The airline said it had reserved the right to change the benefits it offered. But club members accused American of breach of contract, saying the airline had improperly reduced the value of travel miles they had saved.

American's lawyers had argued that the lawsuit was barred by the 1978 Airline Deregulation Act, which preempts state court lawsuits over issues related to airline rates, routes of services.

But the Supreme Court ruled that the deregulation law does not bar lawsuits over frequent-flier plans.

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THE AMERICAS / FIRST SIGNS OF GRIDLOCK

Dissent and the Democrats Hamper Republicans' Cuts

By Eric Pianin and Helen Dewar
Washington Post Service

WASHINGTON — House Republican leaders have begun to back away from an ambitious timetable for cutting spending and taxes and placing the government on a "glide path" to a balanced budget.

House Republicans had set a series of interim targets for adopting their "Contract With America" proposals within the first 100 days of the new Congress. But the chairman of the Budget Committee, John R. Kasich of Ohio, said that Republican leaders had abandoned a target of outlining by the end of this month the roughly \$200

billion of spending savings needed to finance their tax cut package.

He also said it was unlikely that Republicans could make their deadline of drafting a long-term deficit elimination plan by April 15, the 100th day.

Republican leaders indicated Tuesday that they were also likely to pass spending and tax cuts together rather than cut spending first as promised. Mr. Kasich and the House majority leader, Richard K. Armey of Texas, had argued that it was symbolically important to cut spending first, but some Ways and Means Committee Republicans said it would be more palatable to pass spending and tax reduction simultaneously.

The Republican leaders insisted they would still complete action on the proposals within 100 days, as promised during the campaign. "That's all that matters," an Armey aide said.

Even so, the slipping schedule in the House — and slowdowns in the Senate — highlighted the problems of campaign promises colliding with legislative realities.

Compounding the problem is that Republicans in the House have had virtually no experience in governing during the past 40 years, and yet their leaders are attempting a Herculean

agenda in a highly unorthodox fashion. Also, Senate rules tend to favor the minority party.

Proposals for a balanced-budget amendment have floundered in Congress since the mid-1930s. Yet its new leaders are trying to ram one through both chambers in record time. House Republicans had planned a vote on the amendment this week, but they put it off, in part because of moderate Republican opposition to a provision requiring a three-fifths "supermajority" for raising taxes.

Opposition in the Senate from Robert C. Byrd, the West Virginia Democrat who is a master parliamentary

strategist, is certain to slow the process even more, if not defeat the popular measure. The former majority leader used one arcane device Tuesday to halt committee action on the amendment.

The Republican plan in the House for pushing through a major tax cut this year, financed with spending reductions, could be even more of a challenge. The Budget Committee had planned to rewrite the current 1995 budget as early as this week to instruct committees on how to pay for tax cuts. Now Mr. Kasich and others say the committee probably will wait until next month, when President Bill Clinton unveils his budget.

Senior members of the Appropriations Committee said the problem was one of growing tension between Republicans on their committee and those on the Budget Committee over the scope of spending cuts.

In the Senate, Mr. Byrd objected to Judiciary Committee proceedings on the balanced budget amendment by invoking a rule that allows a senator to object if a committee meets more than two hours after the Senate goes into session. At 11:13 A.M., 1 hour and 58 minutes after the Senate convened, the Democrat objected to further action by the Judiciary Committee.

The panel's chairman, Orrin G. Hatch of Utah, complied with Mr. Byrd's objection but said he would call the committee back to work Wednesday. Other Republicans on the Judiciary Committee said Mr. Byrd could not block approval of the amendment. But his maneuver indicated that passage may not come easily.

Mr. Byrd accused Republicans of backpedaling on spelling out the spending cuts that would be required to balance the budget by 2002, as the amendment would require.

POLITICAL NOTES

Coalition Will Sing Praises of 'Contract'

WASHINGTON — Muffling for the time being the Christian Coalition's rallying cries on school prayer, abortion and homosexuality, the group's leader has said that the coalition would mount its most ambitious lobbying drive ever for passage of the House Republicans' legislative agenda.

Ralph Reed, the group's executive director, said religious conservatives deserved credit for the Republican successes at the polls last November. And he made it clear that his group expected to be a central player in pressing for the Republican "Contract With America."

"We will launch the largest single lobbying effort in our history," Mr. Reed said, "when all 50 of our state chairmen fly to Washington to personally work for passage of the balanced budget amendment." They were to arrive Wednesday, he said.

Mr. Reed said the coalition would spend more than \$1 million on a lobbying campaign through "phone banks, fax networks, satellite television, computerized bulletin boards, talk radio and direct mail." (NYT)

Ex-Tennessee Governor Readies '96 Race

WASHINGTON — Former Governor Lamar Alexander of Tennessee filed papers formally establishing his presidential-campaign committee and said he would announce his candidacy in late February or early March.

He said he had hired the core of his campaign staff and was beginning to raise funds.

Mr. Alexander, who served as education secretary in the Bush administration, joined Senator Phil Gramm of Texas in establishing a presidential-campaign committee. (H/P)

Quote/Unquote

From a lecture by the House speaker, Newt Gingrich, in his course on American civilization at Reinhardt College in Georgia, on women in combat:

"What does combat mean? If combat means being in a ditch, females have biological problems staying in a ditch for 30 days because they get infections, and they don't have upper body strength. I mean, some do, but they're relatively rare. On the other hand, men are basically little piglets. You drop them in the ditch, they roll around in it, doesn't matter, you know. These things are very real. On the other hand, if combat means being on an Aegis class cruiser managing the computer controls for 12 ships and their rockets, a female again may be dramatically better than a male who gets very, very frustrated sitting in a chair all the time because males are biologically driven to go out and hunt giraffes. So you got to look at these kinds of background, what do these transitions mean, how do they apply, what does it mean for personal strength?" (WP)

Canada's Jolly Right Swing to Republicans in U.S. Gives the Conservatives Hope

By Charles Trueheart
Washington Post Service

TORONTO — The triumph of the Republican Party in the November congressional elections has heartened Canadian conservatives, who have struggled for years to steer political debate in their left-of-center social democracy a few notches to the right.

The Canadian connection runs both ways, too. The Republican realignment in the United States was presaged by the Canadian right's own recent political upheavals, which offered important lessons to Republican election strategists.

"As a conservative, I'm quite excited," said Jason Kenney, executive director of the Canadian Taxpayers Federation, a tax-cutting organization that dreams of a balanced budget law in debt-ridden Canada.

"Newt Gingrich has made real conservative ideas and policies more acceptable to talk about in Canada, where political debate has for quite some time been very narrowly confined to the center-left, at least in American terms," he said.

"The American experience," said Kenneth Whyte, a conservative who edits Saturday Night magazine, "inevitably will encourage people on the right in Canada, give them new ideas, new energy, new hope."

Link Byfield, editor of the hard-right Canadian journal Western Report, said he was skeptical about a political ripple effect north of the border, but he said voters in the two countries, and in all industrial democracies, were manifesting the same "ubiquitous distrust

and conscious rejection of the ruling class."

"There's a new understanding of the word 'liberty' in the world, a new idea creeping into people's minds that government oppresses us," Mr. Byfield said. "It's an old Enlightenment idea, so it's no surprise to me that when the idea reasserts itself, it does so with spectacular force in the United States. With our British, constitutional monarchist traditions, we don't do it with so much panache."

The Republican congressional victories last November followed elections in Canada a year before that sent a robust but untied populist-conservative party, based mainly in the West, to Parliament. Preston Manning's Reform Party captured 52 seats in the 295-member House of Commons. Two more seats would make the party the official opposition.

David Frum, a columnist and author of the recent book "Dead Right," said that as the Republicans geared up for the 1994 elections, the near-elimination of the Progressive Conservative Party, under Brian Mulrooney, became a "wonderful object lesson: Conservative voters in Canada were alienated from a party that failed to make meaningful reforms to the political process and had drifted on social issues."

Mr. Frum said the debacle of Canada's old-line Conservatives and the emergence of Reform discredited the old notion that a conservative party could not risk a campaign too close to political extremes.

The lesson Mr. Gingrich, the new U.S. House speaker, and his advisers took to heart from



Finance Minister John Martin, right, and Prime Minister Jean Chrétien with reporters.

Canada, Mr. Frum said, was that the real danger was in running "too close to the center."

Supplanting the Progressive Conservatives, who were left with only two seats in the Commons, Mr. Manning's Reformers have become the voice for a diverse collection of populists and conservatives whose agenda resembles that of Ross Perot's and elements of Mr. Gingrich's Republican coalition. Mr. Whyte called it "an emerging consensus in favor of lower taxes, smaller government and, for lack of a better term, traditional values."

"Preston Manning understood the Perot phenomenon long before Perot himself did," said Dimitri Pantazopoulos, a former Reform Party pollster who said Mr. Gingrich occasionally cited Mr. Manning's successes in Canada in speeches and television broadcasts.

Canada, analysts noted, resists U.S. influence as energetically — and perversely — as it

embraces it. Mr. Kenney speculated that Mr. Gingrich's "Contract With America" would "give ammunition to the traditional anti-American left in

Canada. They'll say: 'You don't want to be boorish free-market pigs like the Americans. Let's reinforce the social programs that are distinctly Canadian.'"



Away From Politics

• The Secret Service has charged a Denver-area restaurant worker with threatening to kill President Bill Clinton while the president was in Denver for the Martin Luther King Jr. holiday. Kevin Kuzari, 23, was ordered held without bond. (Reuters)

• In what federal prosecutors called a major blow against Chinese organized crime in the United States, Clifford Wong, the former president of a New York Chinatown fraternal and business organization, was convicted of murder, extortion and racketeering. (NYT)

• A single man who admitted beating his 5-week-old son into a coma after paying a surrogate to bear the child is expected to be charged with the baby's death. The father, James Alan Austin, has been held in a Philadelphia prison since Jan. 8, the day he took his unconscious son to a hospital. (AP)

• The City of Los Angeles has been ordered by a federal judge to pay \$1.6 million to the attorneys who won Rodney King a \$3.8 million judgment for his videotaped beating by police. The amount was less than half of the \$4.4 million the lawyers had sought. (AP)

New Tale of Simpson Violence First Wife Reported Beating, Policeman Says

By David Margolick
New York Times Service

LOS ANGELES — Court papers have revealed for the first time that on at least one occasion, O.J. Simpson's first wife, Marguerite Simpson Thomas, reported that Mr. Simpson had beaten her. They also disclosed that Mr. Simpson had called Mrs. Thomas shortly before his scheduled arrest last June, saying he had been framed and was about to kill himself.

The documents, contained in a motion to compel Mrs. Thomas's testimony, contradict her repeated assertions that Mr. Simpson never struck her during their 12-year marriage, which ended in 1979. That was what she told the police on June 23, 11 days after Nicole Brown Simpson and Ronald L. Goldman were killed.

Judge Lance A. Ito is to rule on whether details of Mr. Simpson's violent acts toward his second wife, Nicole Brown Simpson, will be admissible at trial.

Given its remoteness in time, it is doubtful that the information about Marguerite Simpson Thomas would be allowed into evidence. But the disclosure is another blow to Mr. Simpson's reputation, if not to his defense.

Opening arguments in the trial were expected to begin on Thursday. Mr. Simpson, a former football star and actor, is charged with two counts of murder.

In a statement he gave to prosecutors last November, Terry G. Schauer, a senior lead officer in the Los Angeles Police Department, said that

about 20 years earlier, he had responded to a "domestic violence radio call" at Mr. Simpson's home in Los Angeles, whose location he could not recall. Mr. Simpson was not there.

"I do remember that his first wife was there with two small children," his statement says. "She told us that she had been hit by her husband, O.J. Simpson, who left the location. I don't recall if there was any visible injury."

According to prosecution documents, Mrs. Thomas, anxious to steer clear of her former husband's case, went into hiding shortly after the killings. But investigators found her, and last month they subpoenaed her at her home. She has moved to quash the subpoena.

Visitation Privileges Cut

Judge Ito severely restricted Mr. Simpson's jail visitation privileges after the sheriff's department complained that a book author had met Mr. Simpson in a room reserved for attorneys and material witnesses, documents released Wednesday showed. The Associated Press reported from Los Angeles.

"One of the individuals listed as a 'material witness' visited 15 times and evidently used this to co-author a book with Mr. Simpson," the papers said.

That was a reference to Lawrence Schiller, a producer and author who has helped Mr. Simpson prepare a book, "I Want To Tell You," in which Mr. Simpson reportedly discusses his anguish at being wrongly accused of murder.

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Haitians Accuse 'Politically Naive' U.S. Peacekeepers of Aiding the Enemy

By Larry Rohter

JEREMIE, Haiti — When American troops first arrived here in September, the local population greeted them as liberators. But for many in this isolated town of 25,000 at the tip of Haiti's southern peninsula, the Americans have turned out to be not saviors of the Haitian people, but rather allies of the paramilitary groups that oppressed Haitians for a generation.

Human rights groups say that while reports of collaboration between the U.S. military and such groups have been rare in Port-au-Prince, where most of the 6,000 American troops still in Haiti are deployed, such accusations are often heard from provincial centers and the countryside.

In those areas, where 70 percent of the population lives, small units of U.S. Special Forces and international police monitors have been sent to keep order and supervise the transition to democratic rule after restoring the country's democratically elected president, Jean-Bertrand Aristide.

Relations in Jérémie, where the U.S.

contingent has been cut from 20 to 8, have frayed to the point that an American soldier aimed his rifle and bayonet at angry Aristide supporters protesting the fact that paramilitary forces still controlled a large number of local government offices.

"This is not your country," they chanted. "Go back home."

"The people of Jérémie are anxious because it is not just that they are walking hand in hand," Hugues Léopold, the local representative of the Aristide government, said of the relationship between the American soldiers and the paramilitary groups. "It's a marriage between the two."

Residents have similar complaints in neighborhoods where the Haitian Army and allied groups like the Revolutionary Front for the Advancement and Progress of Haiti (FRAPH) preyed on residents after President Aristide was overthrown in 1991.

People here cite a series of incidents over the last four months in which they say the international force of American soldiers and Australian police monitors appeared to be acting in concert with the Front and the Haitian military in Jérémie:

• On Oct. 15, the day Mr. Aristide was restored to power, Haitian soldiers shot and killed a 15-year-old boy at a street celebration in a nearby town. They were given refuge with the Americans at the barracks here and were later freed without charges. The shooting was declared accidental.

• Two weeks later, four Aristide supporters were arrested without a warrant by a police squad apparently under the command of a leader of the local Front office and taken to police headquarters, where they said they were threatened and harassed. Witnesses said American soldiers, who had accompanied the Front-led squad, had not stopped the illegal arrest.

• A Front leader, Jean Bonhomme, accused of numerous killings, kidnappings and beatings under the military dictatorship, including the murder of a poor radio repairman and father of 15 children named Jean-Claude Dimanche, was taken into custody in October by Haitian officials working under American supervision. He then mysteriously disappeared from prison.

• In late November, a respected Roman Catholic priest who had long worked with the poor to oppose human rights abuses and corruption was arrested by Haitian police and Australian monitors based on a warrant drawn up by Front leaders. The cleric was freed only after a large and indignant crowd marched to police headquarters and demanded his release.

"When the Haitian people ask the Americans to arrest the Macoutes, they pay no attention, or they arrest them and then release them," said Renel Jean, 32, a teacher. The Tontons Macoutes, the enforcers for the former Duvalier dictatorship, set the standard for political thuggery in Haiti, and the term is used generically here.

"But when the FRAPH asks for a person of the people to be arrested, it happens right away," Mr. Jean added. "We are really disillusioned."

The gradual deterioration of confidence here is a reminder that although the Clinton administration achieved a quick victory in Haiti in September by persuading

the military to step down, this country remains a political mine field.

The United Nations secretary-general, Boutros Boutros Ghali, announced Wednesday that his organization would take over the international peacekeeping mission from the United States on March 31. Haitian officials have been increasingly concerned that the Americans will leave before the paramilitary groups are purged.

The situation in Jérémie has been exploited by opponents of Mr. Aristide, said a foreign official who is familiar with recent events here. He described the Special Forces detachments deployed around Haiti as "good soldiers, but politically naive."

But the American cooperation with the Front for the Advancement and Progress of Haiti appears to have high-level blessing. Major Regina M. Largent, a spokeswoman for the U.S. military in Port-au-Prince, said Special Forces units around the country had been told by headquarters that the Front was "a recognized political organization."

Still, foreign soldiers and police officers assigned here acknowledge that there have been occasions in which they have been

used by Front leaders still in positions of authority. One day after 30 Australian police monitors arrived here in late November, for example, they accompanied Haitian police and a Front leader to Sainte Hélène Church, where they arrested the Reverend Jonassaint Samedy on charges of attempted murder, theft, and looting.

The arrest warrant had been drawn up by the local prosecutor, who is also a former president of the Front chapter here. The priest's parishioners tried to convince the Australians of the implausibility of the charges, and then accompanied Father Samedy to police headquarters, where he was released and the charges dropped after an hour of mounting popular protests.

"That was someone taking advantage of someone new in town," said Sergeant Dave Arnold, a member of the U.S. Special Forces unit, when asked about the incident.

Alan Bird, commander of the Australian contingent, said: "That was a learning process at an early stage." He added that in the same circumstances today, "I think we would make more inquiries."



STONE MENAGERIE — Buffalo, elephant and reindeer are depicted in one of the wall paintings found in France.

Clinton Promotes Mexico Rescue Package 'Not a Gift,' President Says, Citing Dangers of Economic Crisis

Compiled by Our Staff From Dispatches

WASHINGTON — President Bill Clinton, faced with growing criticism of proposed loan guarantees to bolster the peso, said that Mexico's economic crisis posed a danger not only to the U.S. economy but to emerging markets in Latin America and Asia.

"We are more secure if we help Mexico to remain a strong and stable model for economic development around our hemisphere and throughout the world," Mr. Clinton said in a speech to business leaders. "If we fail to act, the crisis of confidence in Mexico's economy could spread to other emerging countries in Latin America and Asia."

In addition, he said, the financial crisis that has caused the Mexican peso to plummet by 30 percent in three weeks "is plainly also a danger to the economic future of the United States."

Administration officials have said that the number of illegal immigrants crossing into Texas and California would increase by 430,000 this year if the Mexican crisis continued.

Mr. Clinton, Treasury Secretary Robert Rubin, Vice President Al Gore and the U.S. trade

representative, Mickey Kantor, spearheaded an attempt to win over business community support for a proposal to make up to \$40 billion in loan guarantees available to Mexico.

The proposal is supported by the bipartisan U.S. congressional leadership but has attracted increasing criticism from the rank-and-file on both the Democratic and Republican side.

Mr. Clinton rejected calls in Congress and elsewhere to attach many conditions to the proposed loan guarantees, and said: "These are not a gift. They are not a bailout. He likened the guarantees to 'co-signing a note' for Mexico.

Mr. Gore, after an appearance before the House Democratic caucus, dismissed claims by critics that there was growing opposition to the proposal and said the administration would have the needed support for passage from both Republicans and Democrats.

But Representative Zach Wamp, Republican of Tennessee, said that a number of his colleagues among first-term Republican House members had numerous questions about the plan.

The foes of the loan guaran-

tees were coming from the same groups that almost defeated the North American Free Trade Agreement with Mexico 14 months ago, ranging from liberal Democrats worried about unfair competition from low-wage Mexican workers to conservative Republicans upset about federal funds used for the rescue package.

Conservative opponents are hoping to attract enough of the 73 first-term Republican House members to their cause to defeat the package.

The conservative commentator Patrick J. Buchanan, who is working to derail the assistance package, said there was widespread skepticism of the package among Republicans.

"We are making the loan guarantees so Mexico can pay off their loans to New York banks," he said. "We are taking Wall Street off the hook and putting the taxpayers on the hook." (AP, NYT, Reuters)

A Landmark Agreement

Tod Roberson of The Washington Post reported from Mexico City:

Mexico's governing party, the Institutional Revolutionary Party, and three opposition

groups have announced a landmark agreement aimed at improving the atmosphere for financial recovery while setting the stage for a peace accord with rebels in the southern state of Chiapas.

The accord, details of which are to be hammered out in subsequent negotiations, calls for broad electoral reforms dealing with party financing, campaign-spending limits and equal access to news and advertising media. Although numerous reform packages have been heralded in the past, a government official said Tuesday's pact was the first to have the blessing of all three of the country's main opposition parties.

Southeast Indian State Bans Most Alcohol Sales

BOMBAY — The new government in the southeastern Indian state of Andhra Pradesh has banned most alcohol sales despite protests from liquor shop and bar owners.

The ban is expected to close 5,200 liquor shops and 5,000 bars in the state and put thousands out of work.

Farrakhan Defends Conspiracy Suspect

By Edward Walsh

Washington Post Service

CHICAGO — In his first public comments on the alleged plot to murder him, the Nation of Islam leader, Louis Farrakhan, has called the criminal charges against the daughter of Malcolm X part of a larger conspiracy to destroy him because of what he described as his growing influence among black Americans.

Mr. Farrakhan said that Malcolm X's daughter, Qubilah Shabazz, was innocent of the charges against her and had been manipulated by government agents into becoming "a tool in a diabolical scheme."

"If we can prove there was in fact government entrapment of this young lady, I believe we as a community should rise to demand her release," he said at a news conference after a speech to 2,000 supporters on Tuesday.

[Ms. Shabazz, 34, pleaded not guilty on Wednesday to federal charges that she had conspired to hire a former govern-

ment informant to murder Mr. Farrakhan, The Associated Press reported from Minneapolis.

[Her trial was set for March 27 in U.S. District court in Minneapolis. If convicted, she faces up to 90 years in prison and \$2.25 million in fines.

[The government has not named the witness whom Ms. Shabazz allegedly asked to kill Mr. Farrakhan, but he has been identified in published reports as Michael Fitzpatrick, a longtime government informant and childhood friend of Ms. Shabazz.]

In a television interview last year, Malcolm X's widow, Betty Shabazz, said she believed Mr. Farrakhan had been involved in the 1965 assassination of her husband, the fiery black nationalist leader who was once a close ally of Mr. Farrakhan.

The charges against Qubilah Shabazz have reopened old wounds in the Nation of Islam and renewed questions about events of 30 years ago, when

Malcolm X had a bitter break with the organization's founder, Elijah Muhammad, and his disciples, including Mr. Farrakhan.

But on Tuesday night, Mr. Farrakhan sought to turn the controversy to his advantage, asserting that the government, with the active cooperation of news organizations, was "setting the stage for my incarceration or assassination."

"These forces have determined that I must not survive," he said.

Proclaiming that he was "now becoming the voice of black America," Mr. Farrakhan asserted that "the government is working feverishly to provide a basis to prosecute me."

"The ultimate aim of this government is to destroy Louis Farrakhan by planting the seeds of public contempt and hatred of me through manipulation of the media," he added.

Mr. Farrakhan declared, as he has in the past, that "I was

and I remain absolutely innocent of any involvement in the assassination of Malcolm X."

Summoning his wife and five daughters to the front of the mosque, where he spoke from a pulpit flanked by two bodyguards, he told the cheering crowd:

"I assure you that if anyone did harm to me and the government of the United States did not do justice, they would not hesitate to avenge me and they would not have someone else do it."

Mr. Farrakhan said that Ms. Shabazz "is not an evil woman" but made an easy target for government conspirators and should now be provided with 24-hour protection.

His speech reflected allegations made by his top aides and the defense that is being mounted in Minneapolis by Ms. Shabazz's lawyer, Scott Tilsen. He contends that she was "seduced into this whole alleged scheme to kill Farrakhan" by Mr. Fitzpatrick.

CHECHNYA: Christopher Says He Is Reassured by Russian's Promises

Continued from Page 1

determined by Russia's actions in living up to those promises.

He said that while President Bill Clinton was convinced that aid to Russia was in the best interests of the United States, Congress's approval of such aid depended on Russia's progress toward market and democratic reforms, including how it handled the conflict in Chechnya.

Despite efforts by Mr. Christopher and

Mr. Kozyrev to depict their encounter as friendly, the Russian displayed a prickliness over the Chechen situation that reflected Moscow's continuing irritation with what it sees as foreign meddling in its affairs.

He dismissed threats of aid cuts in retaliation for the Chechnya conflict by saying that "the American assistance is not very big as it is."

He also contended, in a sharp jab at

foreign critics of Russia's actions in Chechnya, that American presidents had issued orders five times in the past two decades to the U.S. armed forces to quell domestic rebellions.

Mr. Kozyrev recalled Mr. Yeltsin's warning last December about the dangers of "a cold peace" between Russia and the West and insisted that his country was determined to avoid any dangerous lapse back to the days of tension between Moscow and Washington.

Paul Delouvrier, 80, Built Outer Paris, Dies

New York Times Service

PARIS — Paul Delouvrier, 80, the civil servant and economist who gave the environs of Paris their modern look, died Monday. The cause of death was not disclosed.

Mr. Delouvrier came to public attention in 1958, when de Gaulle appointed him chief executive in Algeria. While there, he was in charge of attempts to quell the Algerian uprising while negotiating with rebels and dealing with restive French settlers and army officers.

He oversaw the vast reconstruction around Paris as the government's chief representative for the region from 1961 to

1969. According to some accounts, de Gaulle took him up in a helicopter, pointed at the crumbling suburbs and told him to clean them up.

Mr. Delouvrier mapped out and guided construction of satellite towns for hundreds of thousands of people.

Miguel Torga, Portugal Poet And 'Conscience of Nation'
COIMBRA, Portugal (AP) — Miguel Torga, 87, a Portuguese poet of resistance and Nobel prize candidate, died Tuesday after a five-month battle with cancer.

A medical doctor, born Adolfo Rocha, he assumed his

pen name in 1934. In 1991, the secretary of culture said, "There is no other Portuguese writer who has become the conscience of his nation like Torga."

Edward Gargan, 72, Scholar Of Modern French History
MADISON, Wisconsin (NYT) — Edward T. Gargan, 72, a scholar of modern French intellectual and social history and emeritus professor of French history at the University of Wisconsin, died of a heart attack Tuesday at his home in Madison, Wisconsin.

Mr. Gargan was the author or editor of seven books and a former president of the Society for French Historical Studies and of the American Catholic Historical Association.

He was history department chairman at Wesleyan University in Connecticut before going to the University of Wisconsin at Madison in 1967. He taught there until he retired in 1992.

Frederick Stagg, 99, Envoy And Army Officer of Britain
PARIS (IHT) — Frederick L. Stagg, 99, a former British dip-

lomats and army officer, died Jan. 5 in Sherborne, England, of complications following pneumonia.

Born in Ecuador, educated in the United States and a longtime Paris resident, Mr. Stagg served in the British Army during both world wars and carried out several confidential missions for the Foreign Office.

Mr. Stagg was an accomplished cook: His "A Paris Cookbook" was published in 1975 by Harper & Row.

Elaine Greene, 74, a leading literary agent in Britain, died Jan. 10 in London.

Clarence J. Daughnot Jr., 81, an asset manager who helped develop Latin America's financial markets after World War II, died Friday in New York.

Ralph Merrifield, 81, a British archaeologist and authority on London under the Roman Empire, died Jan. 9 in London.

Helen Hedrick Knopf, 92, an author and the widow of the New York publisher Alfred A. Knopf, died Saturday in Medford, Oregon.

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Another Balkan War?

It is about as clear as these things get that there is now a real danger of another major war erupting in the Balkans soon. On one side the Serbian minority in the Krajina region of Croatia and perhaps also Serbia proper, on the other side Croatia, Serbs and Croats fought earlier when Yugoslavia broke up. The Krajina Serbs, unwilling to become a minority in the successor state of Croatia, seized nearly a third of it and expelled large numbers of Croats. United Nations peacekeepers intervened but left many Croats convinced that the blue helmets, far from trying out the rebel Serbs, were helping them consolidate their grip. Hence Croatia's move now to let the UN peacekeeping mandate in Croatia expire on March 31. The stage for new violence is set.

Croatia, which has its own record of terrible nationalist excesses in the '90s, enjoys a higher regard in the West than Serbia does. Still, it would be terrible if war came now between Serbia and Croatia, especially while the conflict between their cousins and proxies in Bosnia remains raw. A major focus of Bosnia-related diplomacy has been to avert a wider war. Croatia is cutting off the United Nations precisely to fence out further fruitless international mediation. Both Serbs and Croats seem ready — they have had three years — for another go.

Such a dire possibility puts a burden on their neighbors and other nations and on the international institutions to try to head off conflict. But where there may be broad international support for a formula of restored Croatian sovereignty with generous Serbian minority rights, there is a notable absence of interest in bringing force to bear to give effect to any international decisions along this line. Certainly the last thing anyone — especially the United Nations — needs is another toothless UN resolution.

To the political dilemma must be added the dilemma of relief. If war resumes, the combatants will invite others to defray the costs of refugee flows and of relief for civilians hurt and displaced. There is an obvious humanitarian purpose to be served here, and the company of nations must serve it. But the very expectation of international relief can contribute to a decision to launch military operations. This is on top of the other obvious abuses of well-intended international intervention that became evident in Bosnia. To care for the victims of bullying but to hold the bully accountable — this must be the approach taken by the United States and the other involved countries if the Croats and Serbs fail to talk out their competing claims and go to war again.

— THE WASHINGTON POST

Slow Down, Congress

Environmentalists and others whose interests are served by federal regulation have a name for the three main elements of what promises to be a sustained Republican effort to deregulate American society: the "Unholy Trinity." The term connotes both respect and fear.

There is merit in all three ideas. Yet critics fear that, taken together, they will cripple a quarter-century of federal efforts to protect everything from the environment to worker safety.

The ideas grew out of Newt Gingrich's "Contract With America." One would require compensation when property values are diminished by federal regulation. A second would subject regulations to independent cost-benefit analysis, otherwise known as "risk assessment," that could make it more difficult for federal agencies to carry out rules. The third would make it harder for Congress to approve costly new "unfunded mandates" — obligations imposed on state and local governments without the federal dollars to pay for them.

These are seductive notions with big consequences. All will need careful legislative handling. Unfortunately, that is not happening with the first of the three to take legislative form — an unfunded-mandates bill that began a fast-track trip through Congress last week. The bill, which contains sensible suggestions and serious flaws, received only cursory inspection by two Senate committees. It is now on the Senate floor and will hit the House next week. That is much too fast.

Unfunded mandates have long been a sore point with mayors and governors, who say the cost of carrying out Washington's agenda denies them flexibility. Under the proposed legislation, any bill imposing a federal mandate of more than \$50 million must include an estimate by the Congressional Budget Office of its nonfederal costs. It must also include the money to pay for the mandate. A single legislator could block any new mandate that does not meet these conditions. The objection could be overridden, but only after separate votes to override in both houses. Phil Gramm, Republican of Texas, would raise the threshold by requiring 60 votes to approve an unfunded mandate.

Forcing Congress to reach a higher level of accountability cannot be a bad idea. That is why a bill of some sort is

certain to pass and why President Bill Clinton is likely to sign it. So what's to complain about? There are at least two big flaws. First, the bill sets up a two-track system that would discriminate against the private sector. Private companies would still have to obey (and pay for) federal mandates. Unless Congress gave governments the necessary funds, they could ignore them. That could put private businesses at a competitive disadvantage.

Laws governing waste disposal, for example, require expensive landfills to prevent contamination of the underlying water table. Private waste-disposal companies would still have to build and operate these landfills, but state and local governments would not unless Congress underwrote the costs. The U.S. Chamber of Commerce, which can usually be counted on to support Republican initiatives, has complained that the bill would severely skew the marketplace.

Some environmentalists suggest a compromise: Apply the unfunded-mandates prohibition to strictly governmental functions, like education and welfare; where mandates apply to both private and public entities, both should pay. The Clean Water Act, for example, imposes equally strict rules on the discharge of both industrial and municipal wastes. Would unfunded local governments now be free to pollute? That unthinkable outcome is a real possibility under the Republican bill.

Another big problem is that the bill applies to new law and does not address the billions in unfunded mandates from old law. That could have the perverse effect of discouraging efforts to fix outdated legislation; any new law that imposes unfunded mandates could run into a congressional roadblock — even though the new law represents a vast improvement over its predecessor.

The bill before the Senate is a carelessly drafted answer to legitimate complaints. Senators Carl Levin of Michigan and Joseph Lieberman of Connecticut, Democrats who are sympathetic to the measure, are using every parliamentary tactic in the book to delay the bill until it is fixed. More power to them. A bill that could reshape basic relations between federal and local governments, penalize the private sector and threaten the environment should not be railroaded.

— THE NEW YORK TIMES

Other Comment

Wise Words on Foreign Policy

The Clinton administration has been fairly criticized for sometimes lacking consistency and a sure hand in its foreign policy, but so far the newly ascendant congressional Republicans can be said to be doing much better when it comes to offering coherent alternatives. On such issues as Bosnia, continued aid to Russia and expansion of NATO, Republicans are far from being of one mind.

All this is by way of background to the recent appearance of James Baker before a House committee. Mr. Baker, secretary of state under George Bush, was not there to trash the Clinton administration. He was there to argue the need for the first Republican-majority Congress in 40 years to develop a productive relationship in foreign affairs with the Democratic executive.

In particular Mr. Baker warned against efforts by Congress to try to micromanage foreign policy. Such attempts "were a bad idea when the Democrats were in control, and they remain a bad idea today."

"It is vital," Mr. Baker testified, "that we speak to our enemies and to our allies alike in one voice." Certainly that should be the goal on those great issues where a perception of indecisiveness or confusion could invite calamitous misjudgment about American resolve. But certainly, too, no approach to foreign policy can or should seek to stifle full discussion or inhibit scrutiny of the executive's actions.

Clearly there are Republicans in Congress who would try to impose their approach to the world on some aspects of foreign policy. Mr. Baker's is a voice of experience warning against that effort.

— Los Angeles Times

It's Time for America to End the War and Go to Vietnam

By Thomas L. Friedman

HANOI — In 1966, at the height of the Vietnam War, Senator George Aiken became famous for suggesting that America simply declare victory and bring its troops home. That victory was phony, but 29 years later Americans truly have one, if winning is measured by a Vietnam that is economically, politically and strategically pro-Western.

Despite that victory, Washington is reluctant to open full diplomatic relations with Hanoi and consolidate Vietnam's tentative move into America's orbit. It is time. It is time Americans started relating to Vietnam as a country, not a conflict. It is time to declare victory and go back to Vietnam to reap it.

President George Bush should have been the one to open relations. He knew it was the right thing to do, and he had the credibility with veterans' groups to do it. But he didn't. (It wouldn't be prudent.)

President Bill Clinton, despite his problems with Vietnam vets, has inched closer to Hanoi, by lifting economic sanctions last year and agreeing to a low-level liaison office this year. For months the State Department has been quietly recommending full normalization, but after the

midterm Republican rout the White House said "Forget it." (It wouldn't be prudent.) That is America's loss.

Vietnam's 72 million industrious, literate people are building a market economy from the ground up. Because U.S. diplomats and businesses are not here in force as the foundation stones are laid and the legal system is reformed, this means that U.S. standards, regulations and laws are not being wired in. Australia already dominates the telephone system, British Petroleum has the oil sector.

I was riding in a taxi here the other day and the driver was studying English from BBC tapes. For 30 minutes I had to listen to a repetition of: "I like football. I like Manchester United." The prominent British soccer team. When they think "football" here they don't think Dallas Cowboys, and when they think "telephones" they don't think AT&T.

Strategically, the big issue in Asia will be the containment of China, whose military might, and appetite, will grow as China grows. There is no more powerful counter-

weight to Beijing than Hanoi, whose tiny army bludgeoned China's in their 1979 border war. China is Vietnam's historical enemy. Most of Hanoi's boulevards are named for heroes of the wars against China.

The biggest display in the Hanoi Army Museum is not of Vietnam's victory over the United States in 1975 but of its victory over the Mongols from the north in 1288. A U.S.-Vietnamese entente would get China's attention — and keep it.

As for personnel missing in action, every U.S. official dealing with this issue says Vietnamese cooperation has improved (not diminished, as opponents of relations predicted) since Washington lifted the economic embargo. The reason is doing, but because the Hanoi government is doing, but because the Vietnamese people, villagers and veterans, are now coming forward with information about graves and bones that they were holding back as long as America was embargoing them economically.

U.S. officials say normal relations and more Americans traveling here would only elicit more grass-roots cooperation, which is the only way the 1,621 remaining MIA cases will be resolved.

It is pathetic that a small, vindictive cult

of MIA activists in America — who broadcast UFO sightings of war prisoners roaming the Vietnamese countryside and demand that the United States withhold normalization to punish Hanoi for a war it never should have fought — have intimidated Washington into a Vietnam policy that is bad for MIA's and bad for America.

The Vietnamese, who have 300,000 MIAs of their own, have let the future bury the past. Deputy Foreign Minister Le Mai told me: "If we nursed all of our grudges with all the powers that we have fought against, we wouldn't have relations with anyone. The war divided our society; recognizing Vietnam would put this behind you. It would heal your own wounds."

He is right. It is time that we Americans, too, buried the past. Hanoi today is a nation, not a battlefield. Tet is a New Year's celebration, not an offensive; Haiphong is a harbor, not something to be bombed at Christmas; and Highway 1 is where they run the Hanoi Marathon, not the military artery of an enemy nation.

Bill Clinton did not start this war, and he did not fight this war, but with a little bit of courage he could finally end this war.

The New York Times

Japan's Shock and the Cabinet's Response Concern the World

By Roger Buckley

TOKYO — The devastating earthquake that rocked western Japan on Tuesday presents fresh challenges to the beleaguered coalition government led by Prime Minister Tomichi Murayama. How Japan's local and central authorities cope with relief and reconstruction is certain to have major consequences for the political and economic future.

The earthquake that damaged the port city of Kobe in the Kansai industrial region is the worst to hit Japan since 1948. Minute-by-minute television pictures of the fires and crumpled expressways recall to older Japanese the blitzed neighborhoods of 1945 as American bombers pulverized city after city in an attempt to persuade imperial Japan that surrender was inevitable.

The affluent Japan of 1995 has suddenly rediscovered the vulnerability of its environment and

learned the harsh lesson that power lines, water supplies and transportation facilities are not easily restored after the initial quake. Preliminary estimates of the time likely to be required to get the Kansai area back to normal extend up to many months.

A great deal of rethinking is needed about construction standards for expressways and provision of emergency reservoirs to combat fires once the existing services have been crippled.

For the immediate future, the need is for Mr. Murayama's cabinet to be seen to be in charge. The public look instinctively to the government to take care of their welfare and will expect considerable assistance from municipal and central sources. It is vital that there be effective coordination between the host of government

agencies now involved and that Mr. Murayama's coalition cabinet not quickly assert itself.

This is particularly urgent since the media are covering the disaster from the rubble at street level and by helicopter. Every move by the authorities will be minutely scrutinized by competing press and television channels.

For the moment, the rest of the world has virtually ceased to exist for Japanese as they dig out from the debris and ponder how they might best cope with any such emergency in the future.

What until Tuesday morning had appeared to be the pressing party political issue of how and when Mr. Murayama's Socialist group might split into factions is no longer of any importance. What is vital now is that the familiar "It can't happen here"

attitude be replaced by greater attention to safety measures.

It may well be that mammoth improvements are called for to strengthen gas pipelines, electricity and water supply, and rail and road structures throughout Japan. The relatively fortunate early morning timing of the quake prevented still higher casualties. A disaster at the peak of the rush hour involving bullet trains would have led to carnage if the elevated track had buckled when trains were running.

The coming days will test the competence of the Murayama cabinet to the hilt. Japan cannot do anything about its geology but it has been given a salutary reminder of the shortcomings of its cities and their services.

The Kobe earthquake should lead to a government-led debate on urban planning. It would be shortsighted to merely rebuild in

the postwar "Catch up with the West" manner that has characterized much of the country's past urban construction. The highly-piggybacked result of having factories, roads, oil tanks and houses mixed together is a recipe for trouble should nature strike again in similar fashion.

The world has a stake in hoping that effective remedial action will emerge from this disaster. The next major earthquake might hit in the Tokyo region, the epicenter of Japan's capital markets and financial power. If they were shut down or disrupted for any length of time, it could have very serious repercussions for the stability of the global economy.

The writer, who teaches history at the International Christian University of Tokyo, contributed this comment to the Herald Tribune.

NATO After Chechnya: The Case for Expansion Becomes Obvious

By Otto Lambsdorff

BONN — Ever since Christmas, we have heard and seen every night on the television screen that Grozny is about to fall — "any time." Any time is a very long time when it involves the relentless pounding of civilian populations with rockets, bombs, grenades and sniper fire.

We have long known that "Russia is great and the czar far away." We have no image of Alexander II's punitive expedition of 1862 to quell one of the earlier Chechen uprisings. We now see the czar — and his deeds — on live television. Yet he seems to be even further removed from his near mutinous troops at home, or from the mothers of Russia suddenly seen by the world besieging with their tears the czar's own palace.

The horror we see today in key Russian marches of the Caucasus is being inflicted by what we all agree is and remains a great power. Say Grozny falls at last. To Boris Yeltsin — if he is still in control — it means no victory. And to the West, what does it mean?

Not much, it would seem, judging from

the ineptness of so many official American declarations (going so far as to compare Grozny with Gettysburg), and from the customary silence of most of us in Europe.

What the West has been telling Russia so far is: "This is your internal affair" — full stop. The statement may be historically grounded; the full stop is today unacceptable.

For it should be followed by a serious warning. Russia has labored in the last few years to gain the seat it deserves at the head table of democratic powers. In the 20th century, resorting to such uncivilized behavior jeopardizes all these efforts.

The best illustration of this is last week's wise decision by the Council of Europe — until now the likeliest issuer of Russia's much coveted passport to Europe — to reopen debate on Russia's candidacy.

Europe's initiative should go further. At a time when the American administration sends such garbled signals to its NATO partners about the future of their alliance,

perhaps we Europeans should go to Washington to remind our American friends of NATO's sterling record during the Cold War and so far during what President Yeltsin described last month in Budapest as the "Cold Peace."

This alliance, far from having lost its purpose with the demise of the Soviet threat, remains the trans-Atlantic bridge which both America and Europe need in a riskier world. It is, in particular, the single organization which can help harness for the better — democracy, the market economy — the gray zone of historic instability at the heart of our continent.

Our Russian friends know it. And so do we, Europeans, who have failed so far to satisfy the Central European countries' ever so legitimate yearning for a strong and secure anchor to where they belong.

To all of us in NATO, Chechnya cannot but be the passport for immediate entry of Poland, Hungary and the Czech Republic into the alliance. Clearly, the West should stop granting Russia a de facto veto right on Europe's future security architecture. This enlargement must be conducted

positively. Which is to say, not as a threat to Russia (no forward deployment of NATO forces, as in the case of Eastern Germany) but as a bridge toward what a democratic Russia can only want: a stable Central European neighborhood.

Indeed, such an enlargement can only be construed by Russia's democrats as a signal that the West is no longer ready simply to bet everything on this or that czar (Mikhail Gorbachev yesterday, Boris Yeltsin today). And that it believes instead in the chances of a political and economic reform process which I — and so many of my Russian friends — now consider to be irreversible.

Surely, neither the West nor Russia will allow Chechnya to derail this unprecedented attempt to overcome, for a change, the age-long fears that have plagued our continent's history.

The writer, a member of the Bundestag and a former economics minister, is European chairman of the Trilateral Commission. He contributed this comment to the International Herald Tribune.

In the World According to Hurd, Yeltsin Remains a Valuable Asset

By Jim Hoagland

WASHINGTON — Don't go wobbly on Boris Yeltsin now. Don't muck up what may be the last chance for a repentant but necessary settlement in Bosnia. And don't get at cross-purposes with John Major on Northern Ireland, perhaps the British prime minister's only hope for political survival.

Douglas Hurd, Mr. Major's foreign secretary, was not this blunt or simplistic in his talks with administration and congressional leaders here this week. Mr. Hurd is no Maggie Thatcher, the Iron Lady who admonished George Bush not to go wobbly when Saddam Hussein invaded Kuwait.

But, boiled down, these were the central messages that Mr. Hurd communicated with edge and purpose in his 24-hour visit — a trend-setting diplomatic mission to a Washington occupied

since Nov. 8 by Republican majorities in Congress.

It was never clear that Mr. Bush needed Mrs. Thatcher's spine-stiffening as much as her aides later claimed. But Mr. Hurd carried messages that Washington's newly bifurcated foreign policy establishment needed to hear and should now absorb. These are urgent topics on which Democrats and Republicans should speak if not with a single voice then with a joint purpose.

Other allied foreign ministers and rulers will follow Mr. Hurd to Washington in the weeks ahead to assess, and influence, Republican intentions and capabilities on foreign policy. In his talks on Capitol Hill, Mr. Hurd sought to expose the British vision of a disorderly and dangerous world

to Republican legislators saddled with new responsibilities and limited learning time.

Mr. Hurd, foreign secretary since 1989, was not nearly as sufferable as Brits can be in playing the role Harold Macmillan originally proposed: weakened but worldly wise Athenians guiding the brutish, more powerful Romans on the world stage. Instead he was crisp and direct.

He used a realpolitik argument in opposing Bob Dole's efforts to force the Clinton administration to stop observing the United Nations embargo on arms shipment to Bosnia. Once at bitter odds over Bosnia, the State Department and the Foreign Office now stand together in fending off Senator Dole's attempt to take the high ground on Bosnia. The Anglo and American diplomats are warning their politicians that the embargo-lifting course will plunge the Bosnians into an all-out war that they will quickly lose.

Will Mr. Dole run that risk if the current shaky cease-fire does not hold? And is he prepared to support major American military action to rescue the Bosnians once the embargo is lifted? Mr. Hurd's questions should echo through the debate on Mr. Dole's proposed legislation to lift the embargo this spring.

The foreign secretary was also blunt on Northern Ireland, where peace talks with the Irish Republican Army, led by the Irish Republic's government, are riding at a 10 percent approval rating in public opinion polls — to pull an Irish peace rabbit out of the hat.

But it was on President Yeltsin that Mr. Hurd's message was perhaps most compelling and phlegmatic, at a moment when Washington has begun to show an

uncharacteristic wobbliness because of Mr. Yeltsin's botched offensive in Chechnya. An early and ardent supporter of the Russian president, the British diplomat believes that the West must continue united and public support for him as the embodiment of democratic reform, come what may.

Administration officials heard the foreign secretary suggest that they should tone down public criticism of Russian actions in Chechnya while making it clear in private to Moscow that the brutal military campaign has to be ended quickly — and effectively.

That is a different emphasis from what Washington is hearing from Bonn, where Chancellor Helmut Kohl bows to public opinion by distancing himself from Mr. Yeltsin on Chechnya, and from Paris, which has never been enthusiastic about Mr. Yeltsin and would not mourn if he were brought down by this crisis.

Two straws in the wind suggest that Bill Clinton or his aides need spine-stiffening on Russia now. As Mr. Hurd arrived in Washington, Clinton spokesmen were denying Russian reports that Mr. Clinton would go to Moscow in May to meet Mr. Yeltsin. This followed Mr. Clinton's failure to find an hour for a bilateral session with Mr. Yeltsin during the European security summit in Budapest on Dec. 6. These are small public slights that gain Mr. Clinton nothing politically but which the Russians will not forget.

The implicit subtext of Mr. Hurd's visit was a familiar but particularly apt one for a politically divided Washington establishment sorting out its foreign policy priorities: Clear and consistent American leadership is vital to allied unity and success of the Russian revolution. That is one thing that Nov. 8 did not change.

The Washington Post

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1895: Grotesque Plan

PARIS — From the country of big things comes a grotesque scheme for a building to be erected in New York. The foundations will be dug very deep; iron interspersed with aluminum, glass and stone for pictorial effect, will be used in the construction of the building. There will be 50 floors. It all reads like Jules Verne!

1920: Navy Investigated

WASHINGTON — "Don't let the British pull wool over your eyes. It is none of our business pulling their chestnuts out of the fire. We would as soon fight the British as the Germans." These were the instructions Rear-Admiral W.S. Sims told the Senate Sub-Committee, on Saturday [Jan. 17], he received on the eve of sailing for England to take charge of U.S. operations in Eu-

ropean waters during the war. Admiral Sims declined to reveal who had sent the instructions. The members of the committee were dumbfounded by the statement, which has precipitated a thorough investigation by Congress of the conduct of the Navy during the war.

1945: Cigarettes Abroad

PARIS — [The Herald says in an editorial:] Any American troubled by the cigarette shortage need do nothing more than go to Chungking, the temporary capital of China. On sale there are over 150 brands, some of which are imitations of American cigarettes. He may be troubled, however, by high prices and low quality. Some months ago Lao She, a distinguished Chinese novelist, had to give up smoking because, at \$8,400 a month, he decided, "the habit cost too much."

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OPINION

To Pull Algeria From the Brink

By Francis Chiles

LONDON — Last week, leaders and senior members of Algeria's opposition parties signed an unprecedented declaration in Rome urging the military-backed government to hold free elections. Of the seven parties at the talks, three alone, the Islamic Salvation Front, the National Liberation Front and the Front for Socialist Forces, had polled 78 percent of the popular vote in the elections of December 1991, which were later suspended by the country's military rulers. The claim of the present government in Rome to be legitimate representatives of the Algerian people is a powerful one.

The government in Algiers on Wednesday forcefully rejected the platform of the Rome group, denouncing what it called "outside interference."

Yet, a return to democratic principles in Algeria offers the only hope of bringing about a modicum of political and social peace and avoiding full-scale civil war. The strife since the elections were canceled in January 1992 has claimed 30,000 to 40,000 lives and inflicted billions of dollars of damage. The country's economy, which derives 96 percent of its foreign income from the sale of hydrocarbons, would be crippled were terrorists to target oil and gas facilities.

The lesson to be drawn from the bloody events in Algeria is not that democracy creates more problems than it solves, but that there is nothing worse than starting a democratic process and then abruptly canceling it. The fateful decision by Algeria's generals three years ago was compounded by France's decision to support it and the de facto acquiescence of the major Western powers.

The Rome declaration commits its signatories to renounce all terrorist acts and work toward new multiparty elections. The Islamic Salvation Front, or FIS, accepted the principle that political parties could alternate in power, the first time it has conceded this principle.

The list of preconditions the Algerian generals would have to accept before sitting down to negotiations is long. There are, nonetheless, reasons for hope.

The first is that the recent hijacking of an Air France Airbus by the hard-line Islamic Armed Group, or GIA, did not deter the Rome meeting but rather spurred it. And the GIA has, for the first time, signaled its willingness to contemplate a negotiated end to the civil war.

Another reason for hope comes from the presence in Rome of Abdelhamid Mehri, the secretary-general of the National Liberation Front, who, two weeks ago, was able to meet the two paramount FIS leaders, Abassi Madani and Ali Benhadj, both of them under house arrest in Algiers.

Mr. Mehri could not have made those contacts without the support of senior army officers who know that Algeria is staring catastrophe in the face.

All of this points to the fact that a powerful group in the army — one that does not include the head of state, General Liamine Zeroul — is in earnest as it searches for a compromise.

Mr. Mehri came to Rome with a letter from the two FIS leaders that endorsed the principles agreed by all parties to the talks. The FIS was repre-

and assistance only when they are satisfied that Algerian rulers are engaged in serious negotiations with the political parties. The long-suffering Algerian people deserve as much.

Whoever governs Algeria in the years ahead will need generous support to rebuild a shattered economy. Ensuring a two-way flow of trade and people with Europe is a vital precondition if Algeria is to prosper economically and politically and keep its doors open to the West.

The writer, an adviser on North African affairs to banks and industry and a consultant to the Institut Français des Relations Internationales in Paris, contributed this column to the International Herald Tribune.

'Dear Leader,' Unseen, Seemed to Pull the Strings

By Bill Richardson

The writer, a Democrat from New Mexico, is a member of the House Intelligence Committee. This is the second of two articles.

ations at the theater, that I will be asked to leave the country.

At night, Deputy Foreign Minister Song comes to the guest house to assure me that, if I left in the morning as scheduled, I would be kept informed through North Korea's UN office.

With little information, less sleep and no resolution in sight, I make clear that I cannot leave until the two Americans are released. Mr. Song's parting shot is that I should be prepared to stay for two weeks. He storms off.

I check with Mr. Christopher and Defense Secretary Bill Perry that evening, and our collective spirits are down. All I have is confirmation that Chief Warrant Officer David Hilemon is dead and that Chief Warrant Officer Bobby Hall is unharmed and in captivity.

Dec. 19: After the acrimony engendered during Sunday's meetings it is clear that the North Koreans are not interested in beginning a new round of meetings with us. Today, I think a brief cooling-off period will permit both sides to regroup.

Our delegation goes to Pyongyang for the morning, touring the historic sites of the city, the subway, a department store and an archeology museum. My North Korean handler bristles when I refuse his request to lay a flower at Kim Il Sung's immense bronze feet.

Arriving at our guest house in the afternoon, I find that failure to check in with Mr. Christopher during the day has caused a near panic in Washington. The German and Indonesian embassies in Pyongyang are trying to find me to put me in touch with the State Department. After calming Washington's nerves we replot strategy and request a meeting with the only person who will see us, Mr. Song.

He arrives late, looking worn from what he says were all-night discussions with the Korean People's Army. Mr. Song appears to be seeking a resolution. I sense that he is being pragmatic. My every attempt to get access to Mr. Hall is rebuffed; Mr. Song cites rules that prohibit civilians on military bases.

Dec. 20-Dec. 21: Mr. Song finally plays his hand. He has arranged for an exchange: If I leave Pyongyang in the morning, I will escort David Hilemon's remains across the Demilitarized Zone and Mr. Hall will be released "very soon."

I push Mr. Song hard on the definition of "very soon," stressing that Christmas is important for Americans and that Mr. Hall's return by the 24th would be a suitable outcome. The deputy foreign minister appears to understand and suggests that it will happen. However, he makes no commitment.

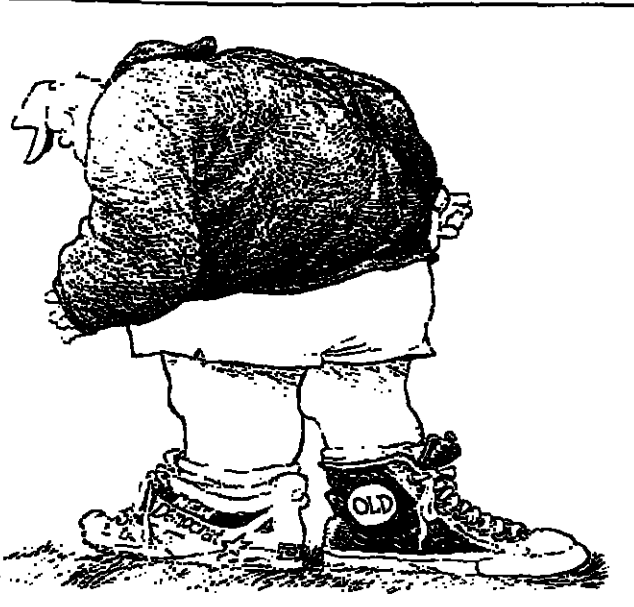
Dec. 22: At Panmunjom, our Foreign Ministry escorts are giddy at the outcome of our negotiations. We all agree that we had dodged a bullet.

But events did not transpire as planned. When Bobby Hall did not return by Christmas, I sensed alarms going off in both Washington and Pyongyang.

To me, it was clear that the Korean People's Army was again putting up roadblocks.

It seems clear that the Korean military today is a strong but undefined force in the North Korean political power equation and society. Certainly the Foreign Ministry had little influence over the outcome of the helicopter incident. Every discussion and point had to be cleared by the military.

I suspect that some in the



A Kiss for an Old Elm And Its Durable City

By Amy Hollowell

PARIS — Yesterday, on my way to the office, I stopped to kiss a tree.

It was midafternoon, in the heart of the city, but if any of the passers-by with whom I shared that singular moment took note of my act, not a one made the fact known to me.

Perhaps, to them, the tree and I were not separate from the ordinary gray texture of the day. Or perhaps, like me when late one night some months earlier I had come upon a man kissing that tree, they were not surprised because they knew that Paris does that to people: They take the city to heart and lose their heads.

My own stupor was nonetheless grand when several weeks after the first sighting I again witnessed such a scene. This time, as I passed in a cab on a rain-soaked and chilly night, a man and a woman reached

guide books, history and botany books, encyclopedia and almanacs. What I found was knowledge thick and exhaustive, but no answers.

So I asked around. Anyone who would listen got an earful, but no one could offer as much in return. The rest of the story remained a mystery.

I took my quest to city hall. Surely within the grandiose Hôtel de Ville, that behemoth of French democracy, there was someone who knew the story of the lone elm.

Armed with nothing but a desire to know, I picked up the phone. After the customary holding pattern, I was informed that an answer could be provided a week from Thursday. My sense of urgency apparently was not shared.

Next, I tried the municipal park authority, where I was routed to a woman named Noëlle. I'm not sure what was more astounding: that she knew of the tree or that, after checking some details, she called me back within the hour, as promised.

What she had to say, however, was not astounding: This was not the last remaining elm in Paris, nor was it the oldest. That honor belonged to a tree in the Parc Montsouris. But my elm, as she called it, was the oldest of the elms planted by landscape designers in the late 19th century.

Noëlle could not explain the chain around the tree, nor was she aware of the kissing phenomenon. She knew only the facts, which, of course, were not at all what I wanted.

What, then, did I want? It was only months later, after the elm's flush of summer green had turned gold and then fallen, after winter had settled in, that I knew. But the answer was not in my head.

I found it yesterday on my way to work. As I rounded the corner of the church on the square, the elm came into view. It was just a tree. I stepped over the chain and touched the ridged bark. It was just a tree.

Then as I leaned forward and kissed the elm, I knew that the answer was in the act. It was just a tree, and, as with the city, I took it to heart and lost my head.

International Herald Tribune.

MEANWHILE

around opposite sides of the trunk, their arms stretching to embrace not one another, but the tree rising elegantly between.

Quickly, I turned from the window to the rear-view mirror, hoping to see reflected there a look of complicity on the cab's face. If he had seen what I had seen, he gave no sign of it. His eyes, reliably, were on the road; mine, predictably, shot back to the lovers. Although neither they nor the tree had moved, the instant had, leaving me with a sense of wonder.

My interest had been irreversibly piqued: What was it with this tree?

Someone had told me once that it was the city's only remaining elm, the others having been ravaged by the disease that had devastated the species. Maybe elms once covered Paris; now, however, the wide boulevards sweep grandly under the arching limbs of chestnut and plane trees.

Yet here was this elm. I took to watching it, and my questions pressed: Why was it there, encircled gracefully by a thin chain and stout pillars, on a little island of its own on the place St. Gervais, in the Marais, near the Seine? Why did people kiss it? Why did I care?

My first consultants, as usual, were books — travel and

lower in 1994 than in 1990 and 1 point lower than its 1985-1989 average.

MODERATE PAY SETTLEMENTS are vital for sustained growth. We expect hourly wage rates in the private sector to go up by 3% at most; this would be compatible with a marked upturn in business investment.

LAST BUT NOT LEAST, it is feared that the strong monetary expansion up to mid-1994 might fuel inflation in 1995, prompting the Bundesbank

Outlook for western Germany*

at constant prices; percentage change on year

	1994 ¹	1995
Private consumption	1.2	0.5 (1.0)
Government consumption	0.0	0.5 (1.0)
Machinery and equipment	-3.0	6.0 (6.5)
Construction	3.5	2.0 (5.0)
Domestic demand	1.8	1.5 (2.0)
Exports	7.1	6.0 (7.5)
Imports	6.5	4.5 (5.0)
Gross Domestic Product	2.3	2.5 (3.0)
Consumer prices	3.0	2.5

* figures in parentheses include western and eastern Germany; 1 January - September

ened by moderate pay increases, rather weak employment growth and substantially higher taxes and social-security contributions. Government consumption will be curbed by fiscal consolidation efforts.

THE SHARP RISE in long-term interest rates will slow residential construction in 1995. By contrast, business investment will hardly be affected as profits will stage a strong recovery, albeit from a very low level. In the economies of Germany's major Western European trading partners, the upswing is gathering momentum and capital spending is rising — to the benefit of German exporters.

DEVELOPMENTS in three areas could change the outlook, though. For one thing, private households might once again save less in 1995. However, the savings ratio was already a good 2 percentage points

to raise its key lending rates. But the size of the monetary overhang cannot be reliably estimated due to the various factors involved — German unification, EMS crises, and the withholding tax. What is more, wage and fiscal restraint, as well as tougher international competition, should all prevent a resurgence of inflation in 1995.

DOMESTIC DEMAND in Germany is growing at such a modest pace that it will neither cause the economy to overheat in the near future, which would threaten price stability, nor will it make much of a dent in unemployment.

For more information about our banking and financial services, contact Commerzbank's Corporate Communications Department, Frankfurt. Fax +49 69 13 62-98 05

VIEWPOINT

Commerzbank's focus on German and European economic issues 1/95

German economy in 1995: no signs of overheating

Western Germany's unexpectedly strong upswing in 1994 has raised fears that overheating associated with inflationary pressures and monetary tightening might follow later in 1995. But these fears are hardly supported by the facts. Low wage settlements and a significant further rise in the tax burden will keep a lid on domestic demand. An increase of 2½% in western Germany's real GDP, and 3% for Germany as a whole, will be almost in line with the potential output growth.

IS THE CURRENT upswing strong or weak? It is certainly strong compared with expectations at the start of 1994, when growth of under 1% was being forecast. Yet it is rather weak if potential output is used as the yardstick, given the sharp fall in capacity utilization.

THE DATA for GDP and manufacturing output also diverge. While GDP was almost 1% higher by end-1994 than it was early in 1992, before the downturn began, manufacturing output is still 5% lower. Such disparities have left not only the public but also the financial markets puzzled. They have prompted questions about the future course of monetary policy as well. What does 1995 hold in store?

International presence:
Algeria, Amsterdam, Antwerp, Atlanta, Bangkok, Barcelona, Beijing, Bombay, Brussels, Budapest, Buenos Aires, Cairo, Caracas, Chicago, Copenhagen, Dublin, Geneva, Gibraltar, Grand Cayman, Hong Kong, Istanbul, Jakarta, Johannesburg, Kiev, London, Los Angeles, Luxembourg, Madrid, Manama, Mexico City, Milan, Moscow, New York, Novosibirsk, Osaka, Paris, Prague, Rio de Janeiro, Sao Paulo, Seoul, Shanghai, Singapore, St. Petersburg, Sidney, Tel Aviv, Tokyo, Toronto, Warsaw, Zurich.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

LETTERS TO THE EDITOR

Bosnia: What He Said

Regarding "From Bosnia to Chechnya: Violence in Peace's Name" (Opinion, Jan. 17) by Frederick Bonhart:

This article mischaracterizes my views. To prevent others from using me as a strawman for their own arguments, let me stress that I explicitly addressed only what U.S. strategy should be in the event of a contested evacuation of NATO-member forces from ex-Yugoslavia that was opposed by the Serbs. Attacks on American forces in that context should be met with overwhelming force, including the prospect of flattening Belgrade, if that is what it would take to halt such attacks and let the evacuation proceed.

If Mr. Bonhart thinks U.S. soldiers do not merit that kind of protection in that situation, let him say so. We would then have a clear disagreement. I did not suggest flattening Belgrade as a way to deal with "Serbian resistance to international decisions aimed at ending the war." That's a big twist on what I actually wrote.

JIM HOAGLAND, Washington.

Algeria's Struggle

It is morally unacceptable to crusade against a "supposedly fanatic Islamic movement" in Algeria. Colonized for 130 years, denied the fundamental right to learn their language and study their cultural heritage and their history, the Algerian people have the right to decide which path they think is better for them to follow.

The war in Algeria is not a struggle between an "enlightened" Westernized elite and "obscurantist" ayatollahs. It is

the second phase of an unfinished cultural decolonization that will end French influence. ABDELHANI KADDOURI, Issy-les-Moulineaux, France.

Regarding "With Its Western Alliance at Stake, Germany Becomes Responsible" (Opinion, Dec. 22) by Josef Joffe:

The war in Algeria did not destroy France's Third Republic but its Fourth.

BERNARD SINSHEIMER, Boulogne, France.

Democracy Means Peace

Regarding "Russia's Behavior, Not Yeltsin's Survival, Is the Main Concern" (Opinion, Jan. 13) by William Pfaff:

The connection between democracies and peace is not, as Mr. Pfaff suggests, "so much cant." Actually, it is so much Kant. Kant predicted that liberal democracies would not go to war with one another but instead form a gradually expanding union of peace. His prediction was empirically verified in 1983 by Michael Doyle, who demonstrated that no two liberal democracies had ever taken up arms against each other. This discovery is a major one. In the world of political science, the proposition that liberal democracies do not fight each other is as close to an empirical truth as we are likely to get.

NICHOLAS BEIM, Oxford, England.

Attend to the Buyer

Regarding "Ignore Japan Fatigue and Keep Opening the Japanese Market" (Opinion, Jan. 12) by Thomas L. Friedman:

The main reason for America's dismal showing, and Japan's success, in the Japanese

and world auto markets, has not been Japanese protectionism. The main reason is that the Japanese automakers sent staff all over the world who were fluent in the language of prospective customers. They studied their preferences and gave them the products they desired.

Hopefully American car manufacturers have learned their lesson.

CHARLES H. MIXON, London.

Down to the Sea in . . .

Regarding "Autism's Rescue: Who Pays?" (Sports, Jan. 5):

Australian taxpayers, who have to foot the bill for Isabelle Autissier's rescue, should know that they are paying to help a category of "sailors" whose ships are built for speed, not seaworthiness, and who — when sailing single-handed — ignore rule five of the international regulations: "Every vessel shall at all times maintain a proper lookout."

If owners and sponsors were billed for rescue operations, then there would be few sponsors and few participants.

At this moment, a Frenchman floats in the Atlantic, pretending to swim. Another plans to cross the Atlantic on the transatlantic of a small catamaran. Taxpayers' money will be spent to bring them back. Locking them up would save a bundle.

MANFRED LAUFER, Arizona, France.

Help Art, Conservatively

Regarding "The Arts Are Under Attack" (Opinion, Dec. 14): As a conservative, I have never thought that America's artistic diversity depended on anything approaching the scale of a Culture Ministry. But I am also

o Vietnam

n the World

HEALTH / SCIENCE

Disease's Trail Leads To 2 Different Genes

Journal Lets the Experts Decide

By Natalie Angier
New York Times Service

NEW YORK — Whenever a lot of very good scientists spend years searching single-mindedly for a high-profile disease gene, they invariably begin fishing out all sorts of candidate genes that look, smell and wiggle like the real thing, but then prove to be frustrating red herrings. In the course of seeking the genes that contribute to hereditary colon cancer and breast cancer, for example, researchers published reports of discoveries that in short order were shown to be the wrong genes.

Usually the source of the confusion is not hard to sort out: In the case of the mistaken breast cancer gene, biologists determined that what appeared to be a guilty mutation in the candidate gene was in fact a so-called polymorphism, a harmless variation in the chemical makeup of some people's DNA.

Now, however, in a case that scientists say may be the first of its kind, two independent groups of biologists have reported discovering the cause of spinal muscular atrophy, a common inherited neurodegenerative disease, and they present as exhibits A and B two entirely different genes.

The genes sit shoulder to shoulder in the same precinct of the same chromosome, and

each team presents substantial evidence for why its gene is the right one, but the nature of the disease and its inheritance patterns suggest that only one of the two is likely to be the fundamental cause of the illness.

Rather than making choices or trying to resolve the extraordinary conundrum, the editor of the journal *Cell* opted to publish both reports simultaneously and let the experts decide. The studies appear in the current issue.

"It's unprecedented to have both papers out there" at the same time, said Dr. Alex MacKenzie of the University of Ottawa in Ontario, a senior member of one of the two teams. "I guess this is opening us up to ridicule or confirmation, but it certainly is generating a lot of interest."

For families suffering from a high incidence of the disorder, who are desperate for new methods of treating the incurable syndrome, the twin publications offer little immediate solace. Not only must researchers determine what exactly is going on with the two genes and their respective involvement in spinal muscular atrophy, but even if one of the genes emerges as a clear winner, its discovery is only a modest first step in understanding and eventually thwarting the degenerative illness.

Nevertheless, Dr. T. Conrad Gilliam of Columbia University's College of Physicians and Surgeons in New York, who has been seeking the spinal muscular atrophy gene for about 10 years, said: "This is a real breakthrough. The complexity of the situation means everything has to be qualified, but it's still a major step forward."

Dr. Gilliam and others familiar with the two papers believe that the gene reported by a team in France is probably the one responsible for the disorder, while that described by the Ottawa group could be a contributing factor that if mutated, makes the disease much worse.

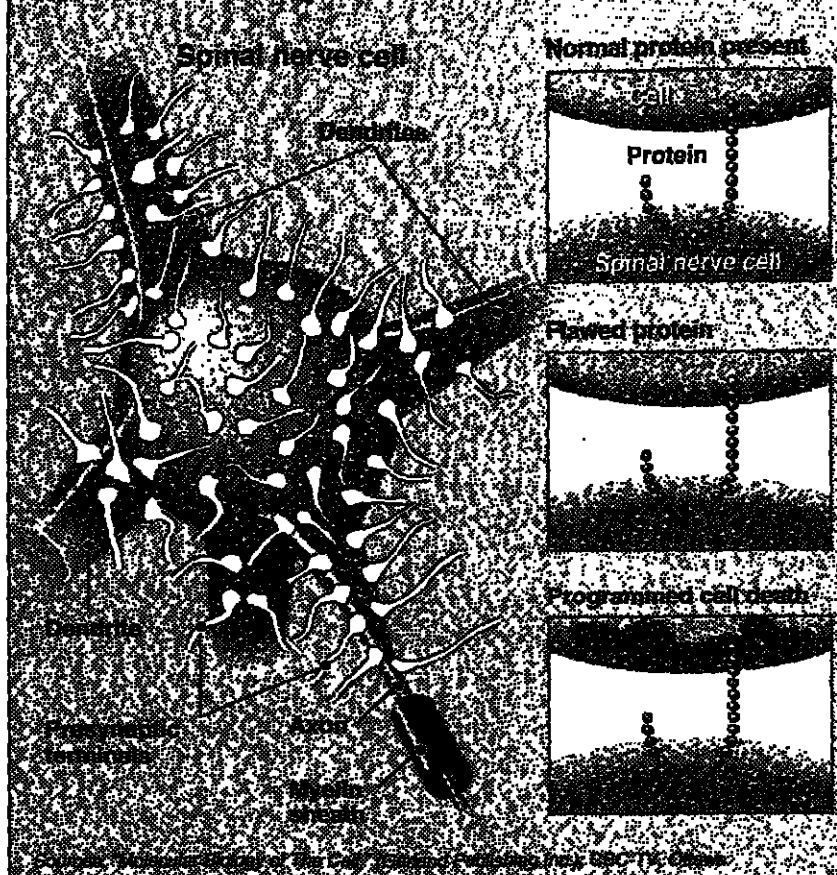
SPINAL muscular atrophy is the commonest genetic cause of death in infancy, afflicting about one in 6,000 babies born worldwide. From one in 60 to one in 80 people are silent carriers of the disease gene, and if two carrier parents both bestow the mutant copy of the gene on their offspring, the baby will be born with the wasting disease.

In the course of the disorder, a population of nerve cells in the spinal cord that control muscles are selectively destroyed, resulting in muscle atrophy, weakness and paralysis. Those with the worst form of the illness, called type 1, usually die before the age of 4 from a failure of the respiratory muscles, while those with the milder type 2 or type 3 may live into adolescence or even into old age, though some end up in wheelchairs or wearing leg braces.

Scientists scrutinized the genetic material of families with many afflicted members, seeking DNA patterns associated with the disorder that would point them toward the gene itself. That approach led Dr. Judith Melki of the Necker Institute at the Hospital for Sick Children in Paris and 15 co-workers to isolate a gene they call the survival motor neuron gene, or SMN.

Faulty Protein's Role in Paralysis

Researchers have discovered a new way to study the role of a protein in the development of a disease. The protein, called a "faulty protein," is found in the spinal nerve cells of people with spinal muscular atrophy. The result is paralysis.



The New York Times illustration by Frank O'Connor

The gene is small and is not related to any other gene that scientists have identified to date, which means that the researchers have no clue as to how it works in the body or how its mutant form it may cause spinal muscular atrophy. But in support of their claim that the gene is the right quarry, the French researchers offer very impressive numbers.

Screening the DNA of 229 patients with the neurodegenerative disease, the scientists found that the newly identified gene was either partly or wholly deleted in 226 of them, suggesting that the lack of the

gene leads to the death of the spinal neurons. And in the other three patients, the researchers detected evidence of a pinpoint mutation within the SMN gene.

On their side, Dr. MacKenzie and 20 colleagues have isolated a gene that makes medical sense as a potential cause of spinal muscular atrophy. Their gene is quite similar to another known gene that prevents cells from committing suicide, an innate cellular process called apoptosis.

The two teams have set aside their zest for competition, their fear of ridicule, and instead are pooling their findings.

IN BRIEF

Global Tuberculosis Crisis Is Continuing Unabated

CHICAGO (AP) — Almost two years after tuberculosis was declared a global crisis, little has been done to turn the tide against it, researchers warn.

Tuberculosis will strike 90 million people this decade and will kill 30 million if worldwide efforts against it don't improve, they predict, drawing from previous World Health Organization figures. "The magnitude of the global tuberculosis problem is enormous," they said in *The Journal of the American Medical Association*.

Ninety-five percent of cases are in developing countries. The disease is gaining fastest in the Western Pacific and Southeast Asia, where two-thirds of infected people live, said the authors, led by Dr.

Mario C. Ravigione of the World Health Organization in Geneva.

Scientists Ask: How Doth The Little Crocodile?

LONDON (Reuters) — British and Japanese scientists reported in the journal *Nature* that they had found the quirk of nature that lets crocodiles lurk underwater for hours and said this could someday be bred into humans.

Alligators, crocodiles and related reptiles have unique hemoglobin — the molecule in red blood cells that carries oxygen — which lets them stay underwater without breathing for long periods of time. It is different from the method used by whales, porpoises and other marine mammals.

Embattled WHO Is Setting New Goals

Building Aid From Bottom Up

By Barry James
International Herald Tribune

ASSAILED by outside criticism about its effectiveness, and shaken by a Swedish decision to slash contributions, the Geneva-based World Health Organization is stepping up a grass-roots program to deliver specific aid to the world's neediest nations.

Last year WHO established a Division for Intensified Cooperation with Countries and Peoples in Greatest Need, which provides focused aid to 26 least-developed countries. The organization's executive board, meeting in Geneva this month, is expected to increase that to 40 countries. The aim is eventually to help all 47 neediest nations where the great majority of the world's 1.3 billion poorest people live.

The division points to some notable successes — to give one example, a higher rate of childhood immunization in poor regions of Guinea-Bissau than in the United States.

The program is a departure for a highly centralized organization that has concentrated on ambitious global programs and specific major diseases such as AIDS, tuberculosis and malaria. This top-down approach has come in for increasing criticism. A recent series of articles in the *British Medical Journal* depicted an all-India, no-Indians organization that is lacking influence, spending money profligately, lacking strategy and having little impact at the country level.

At the same time, WHO received a severe shock both to its image and its pocketbook recently when Sweden unexpectedly decided to halve voluntary contributions to its mainstream programs and accused the organization of failing to carry out reforms voted on by member countries. The decision, an annual loss of about \$12 million for WHO, was particularly bitter coming from a country that has been one of the most fervent supporters of the organization.

Sweden said that the management of WHO, specifically that of the director-general, Hiroshi Nakajima, and his deputies, "cannot collectively reach a solid consensus for putting into operation the reforms decided on by member states." It said that any reform that had been attempted "was not having a significant impact on the performance and effectiveness of the organization."

Senior WHO officials were relieved when other Nordic nations declined to follow Sweden's lead at a meeting last

week. In fact, Finland offered to increase its voluntary contributions.

Nevertheless, in response to the criticism, Dr. Nakajima asked the board this week to come up with a clearer statement of the organization's mission in the 21st century.

Dr. John Martin, deputy director of the new division, said, "We are not trying to pretend that WHO has not got problems, which it has, but we are totally sick of people ignoring the solutions which are being attempted."

The division had a first-year budget of only about \$15 million, tiny in comparison with the overall WHO budget of \$1.8 billion for 1994-95. But Dr. Martin said even such a small budget can have a huge multiplier effect by achieving more effective use of billions of dollars in existing bilateral aid.

Much of the aid goes to waste because developing countries often lack the capacity to absorb it and coordinate its use.

"It is not that the least-developed countries do not need the aid. They need more," Dr. Martin said. "But donors are pressurized by public opinion, which wants to see quick results. They, therefore, tend to come up with aid that is directed toward particularly diseases, or maternal and child health. And they make the assumption that the developing countries have got an infrastructure — doctors, nurses, equipment and vehicles — all set to absorb and make the best use of the money. In fact, in Africa doctors are fleeing their own countries because they can't even get paid."

AT the same time, the donor countries demand an exact accounting for every cent they spend, Dr. Martin added, placing intolerable burdens on the small number of trained administrators in developing countries.

The aim of the new division, Dr. Martin said, is not only to help developing countries use aid money effectively, but to get donors to put some of their aid into "feasible strategies to make things happen and keep them happening."

The new program does not mean that WHO is stepping away from more visible and newsworthy areas, such as the eradication of smallpox and high-profile diseases such as AIDS. But for the first time, the organization is bringing the full weight of its central, regional and local structure to bear on specific local issues.

This reflects the growing realization that the yawning gap between have and have-not nations is jeopardizing WHO's ambition to achieve "health for all" by the year 2000.

Lightning: New Type Found Above Clouds

By William J. Broad
New York Times Service

NEW YORK — Scientists have been studying lightning ever since Benjamin Franklin demonstrated its electrical nature two centuries ago, and have generally felt that its nuances were understood. The bolts were white hot, hitting temperatures of 50,000 degrees Fahrenheit and strengths of several hundred million volts. Though dazzling to the eye, lightning as a scientific topic had become rather passé.

But it turns out that science missed the most bizarre and interesting bolts of all, which materialize above thunderheads and shoot upward, not downward, flickering across great distances. Such wonders were hidden from view until recently, when ground observers, aircraft and spacecraft managed to glimpse their ephemeral dance.

Hundreds of flashes, some pink or blood red, others dark blue, have now been photographed above electrical storms, the red ones soaring as high as 60 miles (100 kilometers) above the Earth, their wispy tendrils playing along the fringes of outer space, their lower parts turning bluish or purple before disappearing.

Remarkably, this intriguing new class of lightning is visible to the naked eye if you know where to look.

The flashes appear to produce strange emanations that are just starting to be measured and are far from being understood. Orbiting satellites have detected gamma-ray bursts of extraordinary intensity coming from thunderheads, and the red flashes have been linked to powerful bursts of radio waves.

Scientists are now racing around the globe to study the phenomenon and its implications. The high-altitude flashes, they say, might affect the ozone layer in unknown ways and present unforeseen dangers to spy planes arcing unusually high or space shuttles streaking toward Earth for a landing.

Most important, the flashes promise to reveal fundamental truths about the workings of the Earth's global electrical circuit and a region of the high atmosphere once thought of as generally uninteresting.

"What's neat is that we didn't expect

it," said Dr. Gerald J. Fishman, an astrophysicist at the National Aeronautics and Space Administration's Marshall Space Flight Center in Huntsville, Alabama, who helped track down the gamma flashes. "It's probably been there since the Earth began. But our eyes have just been opened."

Next month a NASA jet loaded with cameras and instruments is to fly across the thunderstorm belt of South America, chasing the high flashes with cameras and trying to analyze their light with a spectrometer, a key step in determining their makeup and atmospheric effects.

"They're not hard to see if you know what to look for and where to look," said Dr. Eugene M. Wescott, a geophysicist at the University of Alaska in Fairbanks who has photographed the flashes and is going on next month's trip. The phenomenon, he said, is "a whole new thing that nobody knew about and may have a lot of implications," adding, "That's exciting."

Dr. Steven J. Goodman, an atmospheric physicist at the Marshall Space Flight Center, agreed: "What's raised the level of excitement is it's much more frequent than anyone suspected and appears to be distributed around the globe."

ONE sign of the scientific interest is that about 40 papers and abstracts on the topic were presented at the fall meeting of the American Geophysical Union, the world's largest professional group devoted to earth studies. The authors were from Stanford University, Massachusetts Institute of Technology, Los Alamos National Laboratory and the Russian Academy of Sciences, among other institutions.

"It's one of those cases where you thought you knew everything," said Dr. Richard J. Howard, program manager for flash studies at NASA headquarters in Washington. "Then something pops up that you never expected. The theoreticians are going wild."

The big breakthrough came last summer when an Alaskan team tracked midwestern thunderstorms with a pair of jets equipped with color cameras, flying when no moon illuminated the night sky. The team recorded strange bolts above every one of 20 observed thunderstorms, and gathered images of more than 500 flashes in all.

Olive Oil May Reduce Breast Cancer Risk

By Jane E. Brody
New York Times Service

NEW YORK — Evidence continues to mount that many of the foods people eat may either protect against cancer or promote its growth. In the newest report, published Wednesday in *The Journal of the National Cancer Institute*, a survey in Greece of 820 women with breast cancer and 1,548 women who were free of cancer revealed that eating lots of vegetables and fruits and consuming olive oil seems to lower the risk of developing breast cancer.

The study found that women who ate the most vegetables had a 48 percent lower cancer risk than those who ate the fewest, and those who ate the most fruits had a 32 percent reduction in breast cancer risk compared with those who ate the fewest.

Breast cancer risk was also 25 percent

lower among those who consumed olive oil more than once a day, the Greek study showed. But the apparent protective effect of olive oil was mainly found among women past menopause, while the protection attributed to vegetables and fruits was found in women of all ages.

In previous studies conducted among American and Canadian women and published last September, ovarian cancer was linked to a diet high in saturated fats and low in vegetables. Every 10 grams of vegetable fiber added to a woman's daily diet reduced her risk of ovarian cancer by 37 percent, researchers at the University of Toronto found. But every 10 grams of saturated fat raised her risk by 20 percent.

Most of the saturated fats in the North American diet, averaging 30 grams a day, come from animal products like meat, poultry and cheese. Olive oil is a monounsaturated fat that has also been promoted recently as a heart-healthy oil that is prefer-

able to other vegetable oils and margarine. Breast cancer rates are 50 percent lower in Mediterranean countries than in the United States.

Dr. Dimitrios Trichopoulos, an epidemiologist at Harvard University who was a co-author of the Greek study, said in an interview that "American women might actually experience as much as a 50 percent reduction in breast cancer risk if they consumed more olive oil" in place of other fats.

He explained that the Greek women who consumed the least olive oil were still taking in much more than even the highest consumers of olive oil in the United States.

The study was conducted by researchers at the Athens School of Public Health, the University of Athens Medical School and the Harvard School of Public Health in Boston.

Total fat intake is high in Greece, with women typically deriving 42 percent of their calories from fat. Most of the fat

consumed in Greece is monounsaturated olive oil.

American women, on the other hand, are now deriving about 35 percent of their calories from fat, but relatively little of that fat is monounsaturated.

Most of the monounsaturated fats in the American diet come, not from vegetable oils, but from meat, which are also high in saturated fat. Consumption of olive oil in the United States, where it is used primarily in homemade salad dressings, is much lower than in Greece.

In a report last year, a Spanish study of diet and breast cancer that was similar in design to the Greek study also found a suggestive protective effect of olive oil.

An Italian study done five years earlier found no association between olive oil and the risk of breast cancer, but it did find a strong link between the amount of saturated fat the women ate and their chances of developing breast cancer.

New Approaches to Hormone Replacement

New York Times Service

NEW YORK — The recently reported finding that various forms of hormone-replacement therapy can lower the risk of heart disease in postmenopausal women has answered many concerns about the safety and effectiveness of taking estrogen and progesterone in middle age, but it has also raised important new questions, according to Dr. Bernadine Healy, former director of the National Institutes of Health.

In an editorial in Wednesday's issue of *The Journal of the American Medical Association*, in which details of the study are also published, Dr. Healy wrote that "after a half century of conflicting data, we can affirm with growing confidence that, at the very least, estrogen reduces key cardiovascular risk factors in women at a time when they become especially vulnerable to heart disease, namely, after 50 years of age."

Furthermore, she noted that the study

showed that when progesterone was added to the formula, to prevent uterine cancer, the estrogen benefits to the heart were not lost. The study's findings were first reported in November at the annual meeting of the American Heart Association.

Previous studies had found that in postmenopausal women who still have a uterus, supplementary estrogen, if taken alone, resulted in a ninefold increase in the risk of developing cancer of the endometrium, the lining of the uterus.

Gynecologists now recommend that progesterone be included in hormone-replacement therapy, but it was feared that this addition would negate the estrogen's benefits to the heart.

The new study confirmed that estrogen alone is hazardous to the uterus, although it is still the preferable postmenopausal therapy for a woman whose uterus has been removed by hysterectomy, because it has the most beneficial effect on cardiovascular risk.

This most carefully designed study of hormone replacement was conducted over a three-year period at seven clinical centers among 875 healthy women from 45 to 64 years old. It showed that all the tested regimens, with or without progesterone, reduced women's cardiovascular risks.

The greatest benefit to the heart, after estrogen taken alone, was observed when a little-known form of natural progesterone, called micronized progesterone, was administered for 12 days of each month along with daily low-dose estrogen.

A slightly less striking benefit was seen when low doses of estrogen (Premarin) and a synthetic progesterone, medroxyprogesterone acetate (Provera), were given daily. The study was sponsored by the National Institutes of Health.

Contrary to "a recurrent concern," Dr. Healy said, the new study showed that hormone-replacement therapy did not raise blood pressure or increase the blood's ten-

dency to form clots that could precipitate a stroke or heart attack.

As the researchers pointed out, it has yet to be shown that the improvements in cardiovascular risk factors associated with hormone therapy will translate into fewer heart attacks and strokes.

The study examined the benefits and risks of hormone-replacement therapy for only three years, and a longer-term study now under way by the Women's Health Initiative of the National Institutes of Health will not answer this question for at least five years.

Heart disease is by far the leading killer of American women. Dr. Healy said previous "observational studies" had suggested that hormone therapy could reduce the risk of coronary death by as much as 50 percent, a benefit that would more than outweigh the increase in cancer risk.

Jane E. Brody

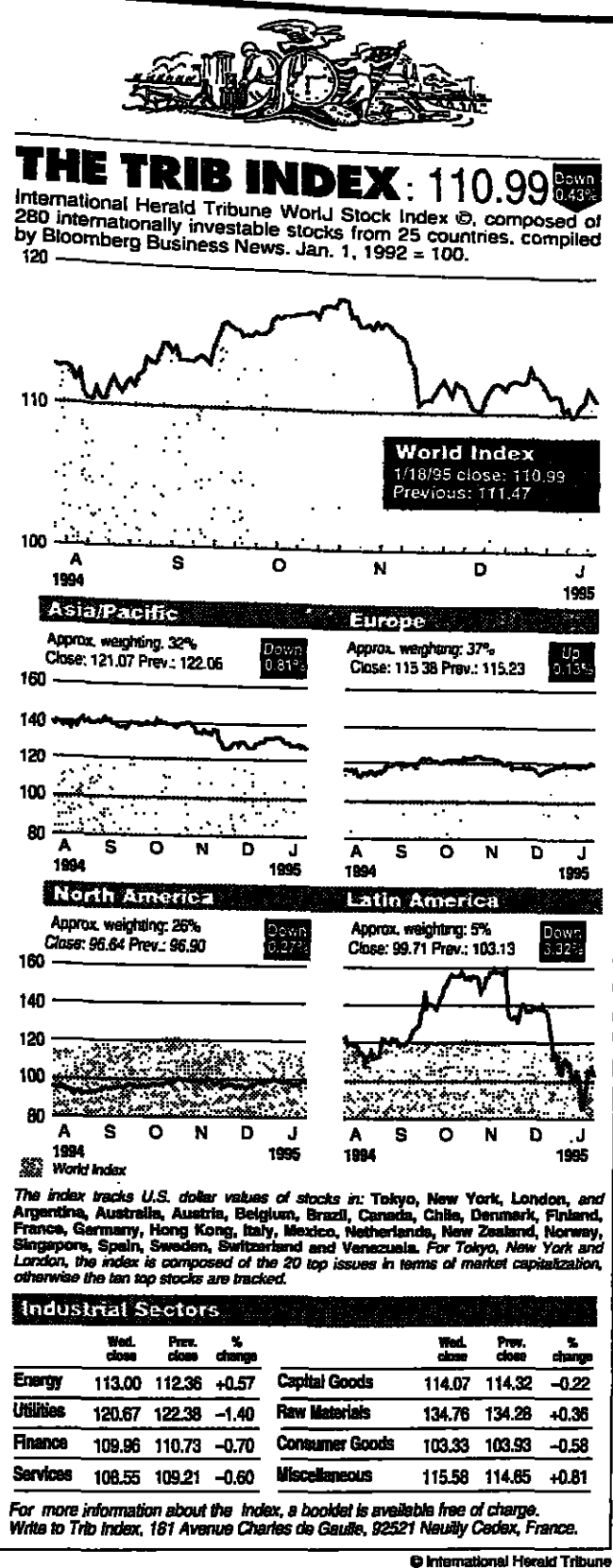
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Herald INTERNATIONAL Tribune

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Growth In U.S. Is 'Vibrant' But Fed Report Sees Pace Slowing

WASHINGTON — U.S. economic growth was vibrant and widespread in the fourth quarter of 1994, but the rate of expansion appears to have slowed a bit, the Federal Reserve said Wednesday.

"Economic expansion remained vibrant around much of the nation in recent months and conditions seem to have grown more uniform among the districts," the Fed said in its so-called Tan Book report on the economy.

The Federal Reserve also warned that businesses expect the pace of inflation to accelerate this year.

"Price increases seemed somewhat more widespread than were reported in early December, while higher inflationary expectations were apparent," the Fed said.

But the Fed reported that wages for U.S. workers were rising at only a subdued pace — even though the economy added 3.5 million jobs in 1994, the strongest showing in a decade.

The report is based on reports from the Federal Reserve's 12 district banks and was compiled in late December and early January. It is designed to give Fed policymakers guidance as they decide whether or not to raise interest rates at their next meeting in two weeks.

Meanwhile, the Commerce Department also reported that business inventories rose 0.7 percent in November for the eighth consecutive monthly gain.

Some analysts interpreted that as a sign that a U.S. economic slowdown may come sooner than expected this year. But others said the overall

Sprint Deal Faces a Snag

By Brandon Mitchener
International Herald Tribune

FRANKFURT — A new U.S. Congressional push to rewrite American communications law could derail approval of a planned alliance between Sprint Corp. of the United States, Deutsche Telekom AG and France Telecom, the chairman of the Federal Communications Commission said Wednesday.

Urging speedy action by Germany and the European Union to liberalize their protected telecommunications markets, the FCC chairman, Reed Hundt, said some Republicans in Congress wanted to mandate reciprocity, effectively making approval of the Sprint alliance dependent on increased access to European telecom markets for Sprint's U.S. competitors.

"I've told Germany that Congress is considering whether to rewrite our law so that foreign investment would be precluded unless the country providing the investment provided reciprocal treatment," Mr. Hundt said in an interview after two days of talks in Bonn.

While the FCC plans to consider the proposed alliance under existing U.S. law, which does not explicitly demand reciprocity, a change in the 1934 Communications Act could supercede FCC approval, he said, happy to be able to use the issue as leverage in ongoing talks about opening European markets to competition.

Approval of the alliance is critical to the long-term global strategies of all three companies involved. Sprint is the third-largest American telecommunications company, which has big plans to expand abroad. Deutsche Telekom and France Telecom, both state-owned monopolies, want a strong foreign partner to help smooth their path toward privatization and expand abroad as well.

The two European state monopolies have proposed investing \$4.2 billion in Sprint, which would give them a 20 percent stake.

"We're convinced we'll get approval," said Carl-Friedrich Meissner, the Deutsche Telekom board member responsible for international affairs. "Our global partnership with Sprint, code-named Phoenix, is only for those kinds of services which are already open to full competition in Germany and France," he said, citing corporate networks and so-called virtual private networks.

Mr. Hundt's comments came a week after Senator Larry Pressler, Republican of South Dakota and chairman of the Senate Commerce Committee, introduced legislation that would include a foreign investment reciprocity clause as part of a broader deregulation of U.S. communications.

Meanwhile, Representative Michael G. Oxley, Republican of Ohio, last week introduced a bill that would do exactly the opposite: repeal all restrictions on foreign ownership.

See SPRINT, Page 13

GAN Sees Loss, While France Signals Bailout

By Alan Friedman
International Herald Tribune

PARIS — Another of France's state-owned companies looked set for a government handout on Wednesday, as Groupe des Assurances Nationales SA, the country's third-biggest insurer, said that its 1994 loss would be significantly higher than expected.

The company and a French Treasury official said that a government-funded recapitalization of GAN was expected to be announced soon. The official said it was too early to predict the amount that the government, the main shareholder, would have to provide. This would only become clear once the company's full 1994 accounts have been audited this spring, he said.

GAN, in its announcement, also said it did not expect a return to profit until 1996, Bloomberg Business News reported. The company's estimated loss is almost entirely due to higher-than-expected losses at Union Industrielle de Credit, the real estate financing arm of GAN's bank, Union Europeenne de CIC SA, Bloomberg reported.

The French government, which owns 75.9 percent of GAN, is expected to back the recapitalization to make sure that the capital ratios of its UIC banking subsidiary are restored to international standards.

It is unclear whether the expected capital injection will need the approval of the European Commission in Brussels; this depends on whether it is perceived as an unusual form of aid.

[Meanwhile, Credit Lyonnais investment certificates slumped 18.8 francs to 360 francs on fears the bank could post a steep 1994 loss, Knight-Ridder reported.]

FCC Chief Assails 'Cultural' Quotas

FRANKFURT — France, Canada and other countries that seek to impose quotas on local cultural content in broadcasting do themselves more harm than good, the top U.S. broadcasting regulator said Wednesday.

While France and other countries fear their citizens will be swamped with American culture when digital cable television begins broadcasting on hundreds of new channels in the near future, there would be nothing to stop French-language programming from spreading too, said Reed Hundt, the chairman of the Federal Communications Commission.

"We say the customer is king and should be able to get what the king wants," Mr. Hundt said in a sharp rebuttal to a recent French proposal to cap the percentage of non-European programming on local television stations at 1994 levels. A more rigid proposal had previously been blocked by Sir Leon Brittan, the European Union commissioner for trade.

"We think trying to limit non-French content is like trying to sweep back the waves with a broom," Mr. Hundt said after a two-day attempt to enlist Germany in a campaign for global deregulation. The German government has agreed with the U.S. position, he said.

Cultural content was a key subject in meeting.

See QUOTAS, Page 13

Volvo Spending Big to Expand Capacity

STOCKHOLM — Volvo AB said Wednesday it planned to invest more than 3 billion kronor (\$405 million) through 1996 to expand property, plant and equipment in its truck and car making units.

Nearly half of the total will be spent on projects in Sweden, the company said, after its board approved three investment programs. These were for the production of new Volvo models at the Uddevalla plant north of Gothenburg, investment in a new paint shop in Ghent, Belgium, by Volvo Car Corp., and investment to increase capacity at Volvo Truck Corp.

Car Corp. said that sales rose 16 percent in 1994. Volvo Truck Corp., meanwhile, said preliminary figures show that 1994 was a record year, with 68,500 trucks delivered, a 34 percent increase over 1993 sales of 51,300 trucks. Volvo Truck also saw its global market share in the heavy-duty truck class soar to 12 percent from 2 percent in 1993.

Volvo Truck will invest about 1.7 billion kronor to boost its European facilities. That will increase global capacity, excluding that in the United States, by about 7,500 trucks, to about 60,000 a year. Volvo Truck's U.S. operations produce about 27,000 units a year.

Volvo Car also will invest about 1.7 billion kronor in the paint shop of its car plant in Ghent to meet and surpass international environmental and emission standards.

Meanwhile, Saab Automobile AB, a prime competitor to Volvo, raised its 1995 sales forecast by 5,000 units, to 105,000, a company spokesman said.

The change stems from strong growth in the United States, where Saab sold 25,000 units in 1994 and expects to sell 35,000 this year. The spokesman said management estimates Saab will have about 300 distributors in the United States by the end of the year.

(Reuters, Bloomberg) (Bloomberg, AFP, AFX)

Samsung, Toshiba Strike Deal

SEOUL — Samsung Electronics Co., South Korea's largest electronics maker, said Wednesday it has forged a strategic alliance with Japan's Toshiba Corp. to develop advanced semiconductor.

Samsung said the two companies would develop new fabrication processes for integrated circuits used in consumer electronic appliances and added that the deal would allow the two partners to take advantage of each other's expertise.

Samsung will contribute memory semiconductor products and related technology, while Toshiba will contribute bipolar processes and technology to make so-called one-chip integrated circuits used in high-definition television.

The bipolar process can produce integrated circuits with better energy efficiency and performance, Samsung said.

The one-chip integrated circuit for high-definition television can process audio and video signals in mid-frequency bands as well as color and brightness signals, while separating and processing simultaneous signal phases.

Samsung is expected to start volume production of the semiconductors by 1996. (Bloomberg, AFX)

INTERNATIONAL MANAGER

Primping for Privatization

By John Tagliabue
New York Times Service

ROME — For Franco Bernabe, who spent much of the past two years cleansing Ente Nazionale Idrocarburi SpA of an aura of political corruption, the biggest challenge now is to sell off the state-owned Italian oil and petrochemicals company to the public without more political interference.

The outcome is crucial for ENI, the world's fifth-largest oil company by sales, as the international chemical industry awakens from recession and major oil companies stake claims in the former Soviet Union and China.

The proposed privatization of ENI is just part of Italy's campaign to sell state-owned industries to private shareholders. Two previous governments made a good start, thanks to the independence of the industries from political parties, which were crippled after 1992 by Italy's wave of corruption scandals.

Previous privatizations brought to market some of the largest banks and financial service companies. But the companies now on the agenda, like Societa Finanziaria Telefonica SpA, the large telecommunications concern, and the public utility Ente Nazionale per l'Energia Elettrica SpA, in addition to ENI, are pillars of the economy. ENI supplies more than 50 percent of Italy's energy needs, a larger share than any company in any other European country except Spain.

When Mr. Bernabe took ENI in 1992, the company was losing \$315 million a year and was being shaken by disclosures of illegal payments to political parties totaling more than \$20 million in the 1980s.

The chairman, Gabriele Cagliari, was arrested, as were the heads of major divisions, like

Renault Plant Gets Reprieve

LISBON — The Portuguese Trade Ministry said Wednesday that Renault's struggling car assembly plant in central Portugal did not face imminent closure, but the factory may wind down when the car model assembled there ceases production.

The statement came after meetings in Paris on Tuesday between Portugal's trade minister, Fernando Faria de Oliveira, and France's industry minister, Jose Rossi, to discuss the ailing plant.

The Portuguese government owns 30 percent of the plant, located in Setubal, 50 kilometers (30 miles) south of Lisbon. Renault executives reportedly want to close the plant, which has been hit by falling demand for Renault's Clio model.

In other automotive news, shares of the French automaker PSA Peugeot Citroen SA slid 1 percent Wednesday on the Paris Bourse as the company confirmed reports that it was considering a return to the U.S. car market it abandoned four years ago.

(Reuters, Bloomberg)

Microsoft and Digital Chalk Up Their Chips

REDMOND, Washington — Microsoft Corp. said Wednesday that earnings in its most recent quarter rose 29 percent on strong sales of business programs, while Digital Equipment Corp. said it had swung into profit in its most recent quarter.

Both companies surprised Wall Street analysts who had forecast more modest performances.

Microsoft shares rose 43.75 cents to \$65.00, but Digital shares slipped 75 cents to \$36.75 in the wake of a sharp run-up in the stock price in recent days.

Microsoft, the world's largest personal computer software maker, said that its net income rose to \$373 million in the quarter ended on Dec. 31 from \$289 million a year earlier, while revenue climbed 31 percent to \$1.48 billion.

Analysts expected sales of word processors and spreadsheets to slow in the quarter, but Microsoft managed to sell more copies than most analysts predicted. Strong sales of PCs in the summer had also boosted revenue from PC makers, which pay a royalty to pack the MS-DOS and Windows operating systems with each machine they sell.

"It was a good solid quarter all around," said Terrence Quinn, analyst at Furman Selz, who added that Microsoft's royalties remained "massive."

Digital, the third-largest U.S. computer maker, made good on its promise to return to profit by the end of 1994 by saying that net income totaled \$18.9 million for the three months ended Dec. 31. The company had posted a loss of \$72.1 million a year earlier.

Many analysts had expected Digital, which also reported that revenue rose 6.7 percent, to \$3.47 billion, to announce a loss for the quarter.

Digital has "made faster-than-expected progress bringing their cost structure in line," said Michael Geran, an analyst with Donaldson, Lufkin & Jenrette Securities Corp. But other analysts remained skeptical about the company's push to make its two-year-old Alpha chip competitive with more established players.

(Bloomberg, Reuters, AP-DJ)

British Midland Meets Its Waterloo

By Erik Ipsen
International Herald Tribune

LONDON — The operator of the new Eurostar trains linking London to Paris and to Brussels may have an odd new ally in its effort to wrest business from the airlines. British Midland, one of several carriers flying those routes, said Wednesday it was negotiating with Eurostar, the consortium of Belgian, British, and French railways, to offer an interchangeable ticket.

The concept would allow business-class travelers to buy one ticket that could be used for either rail or airline travel or a combination of the two.

"We hope to be able to bring something out by the summer," said Tim Walden, industry affairs manager at British Midland. Eurostar's first-class round trip fare now is £195 (\$306), roughly in line with business-class fares offered by the airlines.

Malcolm Parsons, a spokesman for Eurostar, stressed that discussions with British Midland were at a "very early stage." He also said that no other airline has yet made such an offer.

Because of the one-hour time difference between London and the Continent, Mr. Walden said, passengers may wish to fly to Paris in the morning to ensure an early start on the day and then enjoy a leisurely dinner on the three-hour train ride back to London. As of Monday, the earliest arrival Eurostar will offer in Paris will be 11:24 A.M. for the train that leaves Waterloo Station at 7:23.

The news of a possible collaboration between the airlines and trains comes on the eve of Eurostar's planned expansion of its service. On Monday, Eurostar will double its departures from London to Paris and Brussels to four trains per day to each city. This summer, the consortium hopes to operate 15 trains a day to each city.

Just how much of the cross-channel market the trains will ultimately take remains hotly debated.

"We have a real competitor on our hands," conceded Sir Michael Bishop, British Midland's chairman. "I think in two or three years time they may take 20 percent of our market." Beyond that, he said he expected the airlines' business to expand as overall volumes on the route rise steeply, spurred on by the new rail service.

Bernard McCoy, a spokesman for Air

CURRENCY & INTEREST RATES

Cross Rates									
	£	DM	FF	Yen	DM	FF	Yen	DM	FF
Australia	1.7165	1.7175	1.112	1.350	1.112	1.350	1.112	1.350	1.112
Canada	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100
France	1.6667	1.6667	1.6667	1.6667	1.6667	1.6667	1.6667	1.6667	1.6667
Germany	1.9360	1.9360	1.9360	1.9360	1.9360	1.9360	1.9360	1.9360	1.9360
Italy	1.3667	1.3667	1.3667	1.3667	1.3667	1.3667	1.3667	1.3667	1.3667
Japan	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Spain	1.6667	1.6667	1.6667	1.6667	1.6667	1.6667	1.6667	1.6667	1.6667
Switzerland	1.7500	1.7500	1.7500	1.7500	1.7500	1.7500	1.7500	1.7500	1.7500
UK	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
US	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Eurocurrency Deposits									
	1 month	3 months	6 months	1 year	1 month	3 months	6 months	1 year	1 month
London	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Frankfurt	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Paris	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Brussels	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Amsterdam	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Basel	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Geneva	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Madrid	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Barcelona	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Valencia	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50

Key Money Rates									
	1 month	3 months	6 months	1 year	1 month	3 months	6 months	1 year	1 month
London	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Frankfurt	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Paris	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
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Valencia	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50

Forward Rates									
	1 month	3 months	6 months	1 year	1 month	3 months	6 months	1 year	1 month
London	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Frankfurt	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Paris	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Brussels	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
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MARKET DIARY

Dollar Advances On Rate Rise Hopes

Bloomberg Business News
NEW YORK — The dollar rose against major currencies on Wednesday after a report showing robust U.S. economic growth prompted speculation

Foreign Exchange

that the Federal Reserve Board would raise interest rates this month.
The dollar firmed to close at 1.5342 Deutsche marks, up from 1.5330 DM on Tuesday, and climbed to 99.615 yen from 99.100 yen.

Against other currencies, the dollar rose to 1.2915 Swiss francs from 1.2865 francs and to 5.3025 French francs from 5.2980 francs. The pound climbed to \$1.5693 from \$1.5665.
In its so-called Tan Book report, the Federal Reserve called the U.S. economy "vibrant" and warned that businesses expected inflation to accelerate this year.

"The beige book obviously helped the dollar," said Richard Vullo, manager of currency sales at Bayerische Hypothek- und Wechselbank in New York. "People read it as being inflationary and figure it means the Fed will move at the end of January."
Concern that Japan's devastating earthquake would hurt the Japanese economy, at least temporarily, also helped drive the dollar higher against the yen.

"People are nervous to have anything yen-related until they know what all this means," said Vicki Schmelzer Alica, who handles currency sales for Westdeutsche Landesbank Girozentrale.
After the government's report Friday of an unexpected 0.1 percent decline in U.S. December retail sales, some traders and analysts began to doubt that the Fed would raise rates this month.

But the Fed report issued on Tuesday showing that U.S. capacity utilization rose in December to the highest level in 15 years, combined with the tan book report, "put to rest the thought that the Fed won't hike," said Tom Hoge, corporate currency trader at Bank of New York.
Oil prices gained amid a rise in crude oil prices and a solid profit outlook for Amoco, which gained 4%, to \$8, and USX-Marathon Group, which ended unchanged at \$6. Exxon rose 1/2%, to \$2, and Texaco gained 1/2%, to \$1.

Intel and Adaptec also bucked the broader market's slump. Intel rallied 2%, to 69%, amid optimism the company had put its Pentium problem behind it.
Intel took a \$475-million charge against fourth-quarter earnings to cover the cost of replacing defective copies of the microprocessor.
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(Bloomberg, AP)

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(Bloomberg, AP)

NEW YORK — The dollar rose against major currencies on Wednesday after a report showing robust U.S. economic growth prompted speculation

that the Federal Reserve Board would raise interest rates this month.

The dollar firmed to close at 1.5342 Deutsche marks, up from 1.5330 DM on Tuesday, and climbed to 99.615 yen from 99.100 yen.

Against other currencies, the dollar rose to 1.2915 Swiss francs from 1.2865 francs and to 5.3025 French francs from 5.2980 francs.

The pound climbed to \$1.5693 from \$1.5665.

In its so-called Tan Book report, the Federal Reserve called the U.S. economy "vibrant" and warned that businesses expected inflation to accelerate this year.

"The beige book obviously helped the dollar," said Richard Vullo, manager of currency sales at Bayerische Hypothek- und Wechselbank in New York.

"People read it as being inflationary and figure it means the Fed will move at the end of January."

Concern that Japan's devastating earthquake would hurt the Japanese economy, at least temporarily, also helped drive the dollar higher against the yen.

"People are nervous to have anything yen-related until they know what all this means," said Vicki Schmelzer Alica, who handles currency sales for Westdeutsche Landesbank Girozentrale.

After the government's report Friday of an unexpected 0.1 percent decline in U.S. December retail sales, some traders and analysts began to doubt that the Fed would raise rates this month.

But the Fed report issued on Tuesday showing that U.S. capacity utilization rose in December to the highest level in 15 years, combined with the tan book report, "put to rest the thought that the Fed won't hike," said Tom Hoge, corporate currency trader at Bank of New York.

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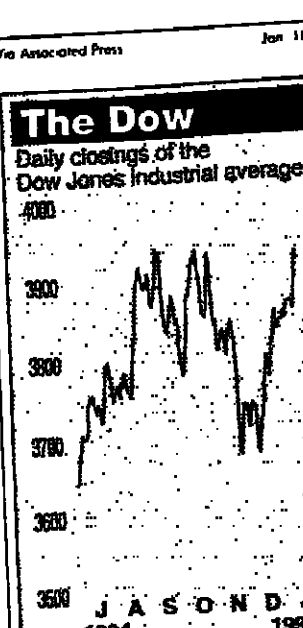
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Daily closing of the Dow Jones Industrial Average

1994 1995

NYSE Most Active

NYSE Most Active

NYSE Most Active

NYSE Most Active

NYSE Most Active

NYSE Most Active

NYSE Most Active

NYSE Most Active

NYSE Most Active

NYSE Most Active

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Dow Jones Averages

	Open	High	Low	Close
Indus	127.12	127.30	127.00	127.25
Transp	127.12	127.30	127.00	127.25
Com	127.12	127.30	127.00	127.25

Standard & Poor's Indexes

	High	Low	Close
Indus	285.75	285.50	285.75
Transp	285.75	285.50	285.75
Com	285.75	285.50	285.75

NYSE Indexes

	High	Low	Close
Composite	285.75	285.50	285.75
Indus	285.75	285.50	285.75
Transp	285.75	285.50	285.75

NASDAQ Indexes

	High	Low	Close
Composite	285.75	285.50	285.75
Indus	285.75	285.50	285.75
Transp	285.75	285.50	285.75

AMEX Stock Index

	High	Low	Close
Composite	285.75	285.50	285.75
Indus	285.75	285.50	285.75
Transp	285.75	285.50	285.75

Dow Jones Bond Averages

	High	Low	Close
Indus	285.75	285.50	285.75
Transp	285.75	285.50	285.75
Com	285.75	285.50	285.75

NYSE Diary

	High	Low	Close
Indus	285.75	285.50	285.75
Transp	285.75	285.50	285.75
Com	285.75	285.50	285.75

AMEX Diary

	High	Low	Close
Indus	285.75	285.50	285.75
Transp	285.75	285.50	285.75
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NASDAQ Diary

	High	Low	Close
Indus	285.75	285.50	285.75
Transp	285.75	285.50	285.75
Com	285.75	285.50	285.75

Spot Commodities

	High	Low	Close
Indus	285.75	285.50	285.75
Transp	285.75	285.50	285.75
Com	285.75	285.50	285.75

Market Sales

	High	Low	Close
Indus	285.75	285.50	285.75
Transp	285.75	285.50	285.75
Com	285.75	285.50	285.75

EUROPEAN FUTURES

	High	Low	Close
Indus	285.75	285.50	285.75
Transp	285.75	285.50	285.75
Com	285.75	285.50	285.75

Metals

	High	Low	Close
Indus	285.75	285.50	285.75
Transp	285.75	285.50	285.75
Com	285.75	285.50	285.75

Financial

	High	Low	Close
Indus	285.75	285.50	285.75
Transp	285.75	285.50	285.75
Com	285.75	285.50	285.75

Stock Indexes

	High	Low	Close
Indus	285.75	285.50	285.75
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Com	285.75	285.50	285.75

Dividends

	High	Low	Close
Indus	285.75	285.50	285.75
Transp	285.75	285.50	285.75
Com	285.75	285.50	285.75

Industries

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EUROPE

Higher Steel Sales Slash Annual Loss At Thyssen Stahl

Compiled by Our Staff From Dispatches
DUISBURG, Germany — Thyssen Stahl AG, Germany's biggest steel company, said Wednesday that lower costs and higher sales had narrowed its annual loss by 63 percent, but it warned that recovery was fragile.

The division of the industrial company Thyssen AG slashed its losses in the financial year Sept. 30 to 448 million Deutsche marks (\$293 million) after a loss of 1.2 billion DM a year earlier. Economic recovery in Europe raised demand for steel and Thyssen Stahl sales were up by more than 3 percent, at 10.9 billion DM in 1994, while steel production jumped 11 percent, to 10.4 million metric tons.

"The most important thing is that we have achieved the turnaround in profits," said Ekkehard Schulz, the company chairman. "We will make an appropriate contribution to the profits of the Thyssen group this year."

Sales in the first quarter of the new business year jumped 22 percent, to 2.9 billion DM, and steel production was up 14 percent, to 2.7 million tons. Incoming orders were stable.

"After the first half showed a clear loss, we managed to cross the break-even level in the third quarter of 1994-95, and since then we've been in the black," Mr. Schulz said.

Mr. Schulz said exhaustive cost-cutting measures were the main force driving the company's return to profit, especially a three-year program to slash the work force by around 37 percent, to 37,000 employees by the end of 1995.

Restructuring has saved Thyssen Stahl 660 million DM in personnel costs over the past two years and another 220 million DM in savings are expected this year.

After Europe's worst postwar steel crisis, Thyssen said it had lost nearly 2 billion DM in the past three years.

Mr. Schulz said the company would probably return to the peak profit levels of the late 1980s in the coming years, but added the sector's woes were not over.

"Structural problems from overcapacities and subsidies that distort competition in Europe have not been resolved," he said.

Thyssen share prices have risen more than 3 percent in the past week on the Frankfurt Stock Exchange and closed 1.90 marks higher on Wednesday, at 296.70 DM.

(Reuters, Bloomberg)

Nobody Wants to Hang Up on Nokia

Bloomberg Business News
HELSINKI — If you go by the conventional signs, the time is ripe for betting against Nokia AB.

Analysts generally agree that Nokia, the world's second largest cellular-phone manufacturer after Motorola Inc., is vulnerable to competition from Japanese mass producers Sony Corp., Hitachi Ltd. and Panasonic International Inc.

Nokia stock also lies exposed to a swelling Finnish stock market, up 127 percent since 1993 and looking ready for a correction.

Nokia's American depositary receipts are currently trading at their record highs on the New York Stock Exchange.

Yet analysts keep issuing fiercely optimistic profit estimates and money managers keep buying.

"There is going to be a rush to be first to put a sell recommendation on these shares," said Peter Lawrence, an analyst at Kleinwort Benson Securities in London. "But I wouldn't sell."

"There are times when shares become overpriced and people want to switch their positions, but it is premature to get out of it," said George Verghese, an analyst with Deutsche Bank AG. "If you can find another suitable recovery stock and you are a pension fund manager, go ahead."

Many investors expect another excellent year from the Finnish company, which evolved into a telecommunications company after selling car tires, cables and toilet paper for much of the 1980s.

Analysts' profit estimates for the company range from \$7.70 to \$8.90 a share for 1994 and as high as \$12.30 a share for 1995. Nokia's net profit in the first eight months of 1994 rose 521 percent, to \$362 million.

Sales estimates are just as sunny. Mr. Verghese said he expected sales on the

INTERNATIONAL STOCKS

mobile phone side of the business to grow in two years to 18.8 billion markka (\$4 billion), from 10.3 billion markka in 1994.

Mats Nystrom, an analyst with Aragon Securities Fondkommission in Stockholm, said Nokia would announce results on Feb. 28 that would "surprise the markets positively."

As with most telecommunications companies, a central question is whether Nokia can maintain and improve its profit margins on its mobile phones, among Europe's most popular.

Here again, analysts are optimistic. Simon Scholes of Hoare Govett in London predicted 12 percent operating margins for 1994, up from 11.3 percent in the first eight months of the year. He said he expected margins for this year to hit 15 percent.

"It is not worth selling the stock until you get a set of figures showing a decline in margins," he said.

That could happen this year or next year, he added, since Nokia's biggest danger will be Japanese competition. "Everyone expects the margins to come

down because of mass manufacturing from the Panasonics and Hitachis of the world," Mr. Scholes said.

Nokia's regular and preferred shares in Helsinki rose 144 percent in 1994 against a 15.3 percent rise in Finland's HEX general index of 81 shares.

Nokia shares constitute 29 percent of the Helsinki index, and that, according to some analysts, makes the market look very risky.

"As soon as people start to take profits in Nokia, it will undermine the whole market," said Jerry Evans, European stocks strategist for Kleinwort Benson in London. "It is very dangerous."

Still, almost everyone seems to have a reason for holding or buying more Nokia shares.

Analysts point to the potential of emerging markets such as India, China and Russia, where less than 1 percent of the population owns a mobile phone.

Nokia said Wednesday it had signed a \$100 million-plus agreement to build Malaysia's digital cellular phone network.

Meanwhile, Nokia Paging, a division, and HCL Ltd. of India have announced an agreement to supply Nokia radio data system pagers in India.

Peter Lawrence, an analyst with Kleinwort Benson, said Nokia might announce soon that it had sold its consumer electronics division, which makes television sets and computer monitors. He said the division had diverted Nokia's attention from its primary market and probably only broken even last year after losing money for several years.

Investor's Europe

Frankfurt DAX	London FTSE 100 index	Paris CAC 40
2300	3300	2200
2200	3200	2100
2100	3100	2000
2000	3000	1900
1900	2900	1800
1800	2800	1700
1700	2700	1600
1600	2600	1500
1500	2500	1400
1400	2400	1300
1300	2300	1200
1200	2200	1100
1100	2100	1000
1000	2000	900
900	1900	800
800	1800	700
700	1700	600
600	1600	500
500	1500	400
400	1400	300
300	1300	200
200	1200	100
100	1100	0

Very briefly:

- DSM NV, a Dutch chemical producer, raised its expectation for 1994 profit to more than 500 million guilders (\$292 million) because margins for key products improved strongly.
- Swiss Bank Corp. raised its stake in Northern Electric PLC to 4.07 percent as of Jan. 12 from 3.46 percent previously, the British utility said. Swiss Bank is an adviser to Trafalgar House PLC, which has launched a hostile £1.2 billion bid (\$1.8 billion) for Northern Electric.
- Kingfisher PLC shares dropped 23 percent after the British retailer announced disappointing sales at its Comet electronics chain and Woolworths stores; it also warned of unsatisfactory results for this year.
- Croatia's government has established a Ministry for Privatization and plans to force the pace of state-owned asset sales in coming months, the deputy prime minister said.
- Bank Austria said 1994 operating profit fell below the 4.2 billion schillings (\$390 million) reported in 1993; the country's biggest bank will release its earnings in late March.
- Commercial Union PLC said the British insurer would pay 11.9 billion French francs (\$2 billion) for 99.46 percent of Groupe Victoire, and not 12.3 billion francs as previously agreed, to reflect the French insurer's results.
- Deutsche Bahn AG estimated it made a operating profit of 350 million Deutsch marks (\$229 million) in 1994, the first year of its operation as a joint-stock company, a spokeswoman for the German railway said.

(Bloomberg, AFP, Reuters, AFP)

U.K. Jobless Rate Falls But Inflation Threatens

Compiled by Our Staff From Dispatches
LONDON — British unemployment fell at the fastest rate in six years in December, the government reported Wednesday, but the country's lively economic recovery also caused inflation to jump.

Seasonally adjusted unemployment dropped by 54,600 in December, to 2.4 million, or 8.6 percent of the work force, down from 8.8 percent in November. Unemployment has fallen for 11 months in a row and now stands at its lowest level in three years.

The good news on jobs was marred by a surprisingly large rise in inflation. Inflation year-on-year rose to 2.9 percent in December from 2.6 percent in November. This was higher than analysts had expected and fueled speculation that the Bank of England would raise interest rates to cool the economy.

In the bond market, the yield on the benchmark 10-year gilt rose to 8.68 percent from 8.60 percent Tuesday, reflecting the inflation fears. "Only politics will stop rates going up at the beginning of February," said David Philpotts, an economist at Stone & McCarthy Research. "The economic case for a rate rise is watertight."

(Reuters, Bloomberg)

QUOTAS: FCC Attacks Limits

Continued from Page 11
 ings that Mr. Hundt held this week with Germany's Economics Ministry and with regulatory and parliamentary officials.

"We were here to talk about Germany's willingness to join the United States to press the theme of openness and competition not only in Germany but

all over the world," Mr. Hundt said.

Al Gore, the U.S. vice president, has campaigned for the creation of a so-called Global Information Infrastructure free of national restrictions.

While the European Union frequently talks about opening its markets to competition, it needs to move from rhetoric to reality, he said.

BRANDON MITCHENER

French Firms to Report Gains

Compiled by Our Staff From Dispatches
PARIS — France's two big contracting and water companies said Wednesday that they expected earnings increases for 1994.

Compagnie Générale des Eaux said its income would be as much as 5 percent above the 1993 level of 3.2 billion francs (\$605.4 million), while Lyonnaise des Eaux SA confirmed earlier forecasts that its results would be up to 30 percent above the 804 million francs of 1993.

Looking ahead to its 1995 results, Générale des Eaux said its sales would rise 7 percent, to more than 165 billion francs.

The company said its water business, which accounts for a quarter of its revenue, would maintain good growth rates, particularly helped by development abroad. This would include new contracts in Latin America, Asia and Eastern Europe and the integration of Air & Water Technology Corp., a New Jersey-based waste company of which Générale owns about half.

Electricity sales in North America will hit 4 billion francs while waste collection, health, transport and catering services would continue the swift expansion of recent years.

Communications revenue should show significant growth, with mobile telephone use expected

to increase in France. Générale des Eaux is working with Southwestern Bell Corp. and Vodafone PLC on a French mobile-phone venture.

The company also said it would buy out minority shareholders in its unprofitable real estate unit Compagnie Immobilière Phénix, which would require a large cash infusion after a weak second half. Holders of Phénix stock and convertible bonds would be offered shares in Générale des Eaux, but details have not been fixed.

Générale des Eaux also said it expected to cut its investment markedly in 1995 as it applies a rigorous and selective strategy.

Meanwhile, Lyonnaise des Eaux's board approved its planned acquisition of the cable television network of Com Dev, a unit of Caisse de Dépôts.

The acquisition will make the water management, media and construction company the largest cable television distributor in France, increasing its base of subscribers by a third.

Lyonnaise des Eaux said its real estate losses narrowed last year, while its water businesses grew strongly overseas through existing and new projects, particularly in Latin America and Asia.

(Bloomberg, Reuters, AFP)

Warburg's Stock Jumps on Frenzy Of Takeover Talk

Compiled by Our Staff From Dispatches
LONDON — Stock of S. G. Warburg Group PLC shot up 6 percent on Wednesday as takeover rumors swirled around the securities firm.

Warburg stock ended the day at 737 pence (\$11.55), up 41 pence. Meanwhile, the stock of Mercury Asset Management Group PLC gained 52 pence, to 748, on talk that Warburg would float its 75 percent stake in that firm at around £10 per share.

Analysts identified Deutsche Bank AG and J.P. Morgan & Co. as likely bidders for Warburg, while Dresdner Bank AG and Lehman Brothers also were mentioned.

Warburg has been the subject of takeover speculation since merger talks with Morgan Stanley & Co. broke off last month.

(Bloomberg, AFP, Reuters)

SPRINT: Regulatory Snag Looms

Continued from Page 11
 ship of U.S. broadcasters and phone companies. Presenting the bill, he argued that restrictions deny U.S. consumers the benefits of more investments and services.

Some analysts have suggested such disagreements within Republican Party ranks would delay any change in the law until well after the FCC decides on Sprint, but the reciprocity requirement promoted by Mr. Pressler is politically popular among both parties.

Last year, the FCC approved a \$4.3 billion investment by British Telecommunications PLC in MCI Communications Corp., the second-largest U.S. long-distance carrier, after Britain agreed to permit the resale of excess capacity on leased lines to third parties.

"We examined British markets and determined that because those markets were open to competitors we didn't see the potential for discrimination" against other U.S. companies.

Mr. Hundt said of the BT-MCI alliance.

The BT-MCI deal is a "relevant precedent" for the FCC decision regarding Sprint, he added.

This time, however, AT&T Corp., the biggest U.S. telecommunications company, which was once in talks with Deutsche Telekom itself, as well as other competitors, is demanding "more strict reciprocity," according to FCC officials.

AT&T and others would like the same unrestricted access to the German and French telecom markets that an alliance with Sprint would give Deutsche Telekom and France Telecom in the United States.

Germany has already said it might throw open its telecommunications market to competition before the 1998 deadline set by the European Union, but France has not.

Mr. Hundt said the FCC wanted to rule on the proposed Sprint alliance by the middle of the year.

NYSE

Wednesday's Closing
 Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High	Low	Stock	Div	Yld	PE	100s	High	Low	Latest	Change
110.00	108.00	IBM	3.20	2.8	15.0	100	110.00	108.00	109.00	+1.00
100.00	98.00	Microsoft	0.00	0.0	18.0	100	100.00	98.00	99.00	+1.00
90.00	88.00	Apple	0.00	0.0	20.0	100	90.00	88.00	89.00	+1.00
80.00	78.00	Oracle	0.00	0.0	22.0	100	80.00	78.00	79.00	+1.00
70.00	68.00	Sun	0.00	0.0	24.0	100	70.00	68.00	69.00	+1.00
60.00	58.00	Novell	0.00	0.0	26.0	100	60.00	58.00	59.00	+1.00
50.00	48.00	Lotus	0.00	0.0	28.0	100	50.00	48.00	49.00	+1.00
40.00	38.00	Intuit	0.00	0.0	30.0	100	40.00	38.00	39.00	+1.00
30.00	28.00	Adobe	0.00	0.0	32.0	100	30.00	28.00	29.00	+1.00
20.00	18.00	Corel	0.00	0.0	34.0	100	20.00	18.00	19.00	+1.00
10.00	8.00	Parsons	0.00	0.0	36.0	100	10.00	8.00	9.00	+1.00

12 Month High	Low	Stock	Div	Yld	PE	100s	High	Low	Latest	Change
110.00	108.00	IBM	3.20	2.8	15.0	100	110.00	108.00	109.00	+1.00
100.00	98.00	Microsoft	0.00	0.0	18.0	100	100.00	98.00	99.00	+1.00
90.00	88.00	Apple	0.00	0.0	20.0	100	90.00	88.00	89.00	+1.00
80.00	78.00	Oracle	0.00	0.0	22.0	100	80.00	78.00	79.00	+1.00
70.00	68.00	Sun	0.00	0.0	24.0	100	70.00	68.00	69.00	+1.00
60.00	58.00	Novell	0.00	0.0	26.0	100	60.00	58.00	59.00	+1.00
50.00	48.00	Lotus	0.00	0.0	28.0	100	50.00	48.00	49.00	+1.00
40.00	38.00	Intuit	0.00	0.0	30.0	100	40.00	38.00	39.00	+1.00
30.00	28.00	Adobe	0.00	0.0	32.0	100	30.00	28.00	29.00	+1.00
20.00	18.00	Corel	0.00	0.0	34.0	100	20.00	18.00	19.00	+1.00
10.00	8.00	Parsons	0.00	0.0	36.0	100	10.00	8.00	9.00	+1.00

12 Month High	Low	Stock	Div	Yld	PE	100s	High	Low	Latest	Change
110.00	108.00	IBM	3.20	2.8	15.0	100	110.00	108.00	109.00	+1.00
100.00	98.00	Microsoft	0.00	0.0	18.0	100	100.00	98.00	99.00	+1.00
90.00	88.00	Apple	0.00	0.0	20.0	100	90.00	88.00	89.00	+1.00
80.00	78.00	Oracle	0.00	0.0	22.0	100	80.00	78.00	79.00	+1.00
70.00	68.00	Sun	0.00	0.0	24.0	100	70.00	68.00	69.00	+1.00
60.00	58.00	Novell	0.00	0.0	26.0	100	60.00	58.00	59.00	+1.00
50.00	48.00	Lotus	0.00	0.0	28.0	100	50.00	48.00	49.00	+1.00
40.00	38.00	Intuit	0.00	0.0	30.0	100	40.00	38.00	39.00	+1.00
30.00	28.00	Adobe	0.00	0.0	32.0	100	30.00	28.00	29.00	+1.00
20.00	18.00	Corel	0.00	0.0	34.0	100	20.00	18.00	19.00	+1.00
10.00	8.00	Parsons	0.00	0.0	36.0	100	10.00	8.00	9.00	+1.00

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ASIA/PACIFIC

China Confident That Trade Pact Will Be Reached

Compiled by Our Staff From Dispatches

BEIJING — As Chinese and American negotiators sat down Wednesday to try to avert a trade war over U.S. charges that Beijing has done too little to protect intellectual property rights, a Chinese official said he was optimistic that agreement would be reached.

"We hope that through two rounds of talks we shall reach agreement," said Zhou Shijian, vice president of China's International Trade Research Institute. A second round of negotiations is scheduled for the end of the month.

U.S. officials declined to comment, saying only that talks began as scheduled Wednesday at China's Ministry of Foreign Trade and Economic Cooperation. Talks were to last through Friday but are now expected to continue into Saturday.

The last round of negotiations collapsed in Beijing last month. Several weeks ago, Washington threatened to punish China with stiff tariffs on \$2.8 billion worth of its exports beginning Feb. 4 unless Beijing acted to enforce protection of intellectual property rights.

China then pledged sanctions against U.S. goods if the U.S. tariffs were imposed, targeting U.S. automakers.

"If there is a trade war, it

would harm both the United States and China," Mr. Zhou said. Adding that investors from Hong Kong, Taiwan, Japan and South Korea who export to the United States from China would not escape the fallout.

Meanwhile, some of America's industrial leaders were heading for Beijing in a rare show of support for Washington's China policy.

The business leaders represented the Recording Industry Association, the International Federation of Phonographic Industry, the Motion Picture Export Association of America, the International Intellectual Property Rights Alliance and Business Software Alliance.

"Coming into the critical phase of the negotiations, we wanted to demonstrate that we are fully behind the effort," said Mike Connors, senior vice president of the Motion Picture Association.

In previous trade disputes, analysts say, the Chinese government has often sought to pit American business leaders against the U.S. government, or sometimes certain industries against each other.

This time, said Stephanie Mitchell, vice president of the software alliance, "They can't divide and conquer. It's not going to work." (Reuters, AP)

China Inflation Falls, But Target Is Elusive

Compiled by Our Staff From Dispatches

BEIJING — The annual inflation rate in China dropped to 25.5 percent in December, down two percentage points from the previous month, the official Xinhua news agency reported Wednesday.

China's inflation rate hit a record 27.7 percent in October and fell slightly to 27.5 percent in November. Economists say China's inflationary trend has already reached a turning point, but cautioned that efforts to bring prices under control should not be abandoned, the report said.

Western analysts said that China would still find it difficult to meet its target of bringing inflation down to 10 percent this year and economic growth down to 9 percent. Last year, the economy grew an estimated 11.4 percent while consumer prices rose about 24.2 percent.

Rising food prices accounted for more than half of inflation last year, according to the Xinhua report. Food shortages have partly been caused by droughts and flooding that hit certain regions of China last year.

The official Beijing Youth Daily said earlier this week that food ration coupons, which allow low-price grain and meat purchases, were being distributed to residents in areas of Northeast China and the provinces of Zhejiang, Shandong and Hubei.

China says it will suspend all reforms to free prices to market levels this year in a bid to ensure that the fall in inflation last month would be a turning point, Xinhua reported.

"They are indeed on the right track," said Patricia Lambert, manager of China research at the brokerage W.I. Carr. "The problem is they have to control inflation or it will rebound as it did in the middle of last year." (Bloomberg, AP, Reuters)

China's B-Share Blues

Deng's Health Keeps Foreigners on Edge

Compiled by Our Staff From Dispatches

SHANGHAI — The apparent failing health of Deng Xiaoping and the Mexican currency crisis are the latest blows to confidence in China's struggling B-share market, brokers said Wednesday.

The markets are already getting the cold shoulder from foreign fund managers worried about lack of liquidity, poor corporate disclosure, weak companies and rising interest rates, the brokers said. Indeed, over the past four months, the B-share indexes in Shanghai and Shenzhen have slumped by 35 percent.

B shares represent equity in Chinese companies that is sold only to foreign investors. Analysts said the few bright spots on the horizon were the slowing of Chinese inflation and the onset of the corporate reporting season in March.

"I don't think there will be much improvement in the first half," said Lisa Bao, a Shanghai-based analyst for Credit Lyonnais Securities (Asia). Until then, other observers said, the health of China's 90-year-old senior leader would be a key factor.

The Shanghai B index slumped last week after Mr. Deng's daughter, Deng Rong, told The New York Times that her father was unable to stand or walk unaided and that his

physical condition was deteriorating day by day. Mr. Deng has been a champion of China's market reforms and its moves to open itself to foreign investors.

"Whenever there is a new rumor surrounding Deng, the market will be buffeted," said a B-share researcher with a major Shanghai securities house who insisted on anonymity.

Jiang Wei, chief B-share dealer for Guotai Securities, added that the collapse of the Mexican currency had "increased the worries of overseas investors in China."

Meanwhile, researchers at Jardine Fleming Securities, the Hong Kong brokerage house, said investors hoping to profit from any changes in stock prices that occur after Mr. Deng's death should be investing now — not after he dies.

"Investors who are negative on the succession should be retreating from the market already," said a report published by Jardine Fleming on Tuesday. "Investors who are positive should be positioning themselves accordingly."

Analysts say that investors must decide whether the power struggles likely to take place after Mr. Deng dies will lead to a change in economic policy. (Reuters, Bloomberg)

Base Metals Lift Profit At MIM

Compiled by Our Staff From Dispatches

BRISBANE, Australia — MIM Holdings Ltd. said Wednesday that higher metal prices lifted the company back into profit in the six-month period to Dec. 11.

The Australian mining company said net profit was 43.4 million Australian dollars (\$33 million) for the period, reversing a loss of 18.5 million dollars a year ago.

The earnings included an extraordinary profit of 19.3 million dollars, partially from the sale of its 24.8 percent stake in the U.S. copper producer, Asarco Inc. Asarco owns 15.5 percent of MIM.

MIM said sales rose 11 percent to 1.1 billion dollars. "The improved result was due mainly to higher international prices for base metals," MIM said.


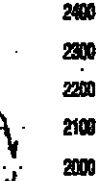

MIM said the effects of higher base metal prices were partly offset by the stronger Australian dollar, lower coal prices, losses at its Duisburg zinc smelter in Germany and lower production and sales volumes of precious metals and base metals from Mount Isa, in Queensland.

Before tax and extraordinary items, the company posted a profit of 57.2 million dollars.

MIM made no statement about a replacement for Norm Fussell, the chief executive who resigned unexpectedly two weeks ago.

Although Mr. Fussell indicated his departure was for health reasons, analysts said his resignation was linked to losses at MIM's main operating center, Mount Isa. (Reuters, Knight-Ridder)

Investor's Asia

Hong Kong Hang Seng		Singapore Straits Times		Tokyo Nikkei 225	
					
Exchange Index		Exchange Index		Exchange Index	
		Wednesday Close		Wednesday Prev. Close	
Hong Kong	Hang Seng	7,638.20		7,606.51	
Singapore	Straits Times	2,103.56		2,106.04	
Sydney	All Ordinaries	1,888.80		1,880.60	
Tokyo	Nikkei 225	19,223.31		19,241.32	
Kuala Lumpur	Composite	918.74		926.76	
Bangkok	SET	1,285.57		1,285.15	
Seoul	Composite Stock	856.66		856.98	
Taipei	Weighted Price	6,523.52		6,515.79	
Manila	PSE	2,439.59		2,554.40	
Jakarta	Stock Index	448.84		449.10	
New Zealand	NZSE-40	1,954.63		1,935.58	
Bombay	National Index	1,754.02		1,751.56	
				% Change	
				+0.12	
				+0.31	
				+0.43	
				-0.09	
				-0.87	
				+1.61	
				+1.01	
				+1.65	
				-0.58	
				+0.16	
				+0.98	
				+0.14	

Sources: Reuters, AFP International Herald Tribune

Very briefly:

- India attracted more than 25 billion rupees (\$80 million) in foreign capital investment during the first 11 months of 1994, up from 20 billion rupees for the like period of 1993.
- Indonesia has forecast a 3 percent to 4 percent depreciation for the rupiah against the U.S. dollar for its 1995-96 fiscal year, which begins in April, the Bisnis Indonesia newspaper said.
- Jardine Matheson Holdings Ltd., the Hong Kong-based trading and investment company, has named Anthony Nightingale as chairman of its regional trading and services arm, Jardine Pacific.
- Mah Sing Group Bhd., the Malaysian plastics and property concern, is diversifying its earnings base by moving into scooter and motorcycle assembly with an Italian partner.
- President Enterprises Corp., Taiwan's largest food company, said its pretax profit rose 148 percent in 1994, to 7.05 billion Taiwan dollars (\$268 million).
- Daihatsu Motor Co., the Japanese automaker, forecast domestic vehicle sales of 418,000 in 1995, which would be a nearly 7 percent increase from 1994. Domestic vehicle sales fell 1.5 percent last year, to 392,058. (Reuters, Knight-Ridder, Bloomberg, Reuters, AFP)

Reforms Push Indian Deposit Rates

Reuters

BOMBAY — India's commercial banks are waging a small war over interest rates on short-term deposits as the country edges closer to full interest rate deregulation as part of its economic reforms.

Bankers said Wednesday the smaller banks had taken the lead, raising rates to as much as 10 percent from 8 percent on deposits of less than six months. Banks began revising interest on deposits after the Indian

Banks' Association decided in December to allow banks to set their own rates on deposits of less than three years. The bank association retained an upper limit of 10 percent.

The State Bank of Travancore, Corporation Bank and the private-sector South Indian Bank are some of the banks offering 10 percent on short-term deposits.

But the larger state-run banks are offering only 8 per-

cent on some short-term deposits, even though inflation is hovering around 10 percent.

The interest-rate liberalization has come on the heels of the deregulation of most bank lending rates by the Reserve Bank of India last October.

Analysts say the freeing of interest rates will introduce competition and force banks accustomed to operating as a virtual cartel to live with narrower margins.

U.S.-India Trip Strikes Gold

Reuters

BANGALORE, India — U.S. Commerce Secretary Ronald H. Brown said Wednesday his trade mission to India this week had reaped far more business than expected, underscoring Prime Minister P.V. Narasimha Rao's commitment to economic reforms.

Over the past four days, Mr. Brown and 25 U.S. business leaders have clinched \$5.5 billion in deals, many of them in large-scale power or construction projects. Pacts worth another \$1.5 billion are expected to be signed in Bombay on Thursday during the last stop of Mr. Brown's tour, an official said.

The \$7 billion total would be \$1 billion more than the packages Mr. Brown negotiated in China last year.

Many of the Indian projects had previously been negotiated and announced, but needed a nudge from a high-level delegation to get over a final hurdle, Mr. Brown said.

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Malaysia's Top Two Banks Raise Rates

Compiled by Our Staff From Dispatches

KUALA LUMPUR — Malaysia's top two banks, Maybank Bhd. and Bank Bumiputera Malaysia Bhd., said Wednesday they would raise base lending rates by 0.1 percentage point in response to rising domestic interest rates.

Maybank said it would raise its base lending rate, the lowest rate a bank gives to most favored customers, to 6.65 percent from 6.55 percent on Thursday, while Bank Bumiputera

said it would lift its rate to 6.75 percent from 6.65 percent.

The move by the leading banks is expected to increase general lending rates of commercial banks in Malaysia as local interest rates rise in line with global trends, bankers said.

Separately, guidelines on trading in derivatives issued by Bank Negara, Malaysia's central bank, were welcomed by most money market dealers and bankers, but some warned that it may hold back growth of Malaysia's financial industry. (AFP, Reuters)

Auto Talks to Resume

Agence France-Press

WASHINGTON — The United States and Japan have agreed to resume discussions on reducing Japan's trade surplus in the automobile sector, U.S. officials said.

The U.S. Trade Representative's office, which gave no location for the talks, said they would be held Jan. 26 and 27. Talks last autumn resulted in no agreement despite accords in other sectors.

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TODAY'S INTERNATIONAL RECRUITMENT

Appears on Page 4

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Netherlands Fl.	770	40	420
Norway N.Kr.	3,500	36	1,900
Portugal Esc.	47,000	39	26,000
Spain Ptas.	48,000	34	26,500
- hand deliv. Madrid	55,000	24	27,500
Sweden (airmail) S.Kr.	3,100	34	1,700
- hand delivery S.Kr.	3,500	26	1,900
Switzerland S.Fr.	610	44	335
Rest of Europe ex CEI	\$ 485	-	265
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AMEX

Wednesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect state trades elsewhere. Via The Associated Press

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- Sales figures are unofficial. Yearly highs and lows reflect the previous 82 weeks until the current week, but not the current week.
- dividend declared or paid in stock dividend amounting to 25 percent or more has been paid; low is a high-low range of 25 percent or more of the current stock price. Unless otherwise noted, notes of dividends are annual distributions based on the following:
- a — dividend also extrajur.
- b — dividend rate of dividend plus stock dividend.
- c — liquidating dividend.
- d — called.
- e — new equity issue.
- f — dividend declared or paid in preceding 12 months.
- g — dividend in Canadian funds, subject to 15% non-resident tax.
- h — dividend declared after split-up or stock dividend.
- i — dividend declared in last year, omitted, deferred, or no action taken in this year.
- j — dividend declared or paid this year, on accumulation basis.
- k — new issue in the past 32 weeks. The high-low range begins with the first new issue.
- l — next day delivery.
- m — for over-the-counter.
- n — dividend declared or paid in preceding 12 months, plus stock split.
- o — stock split. Dividend begins with date of split.
- p — dividend paid in stock in preceding 12 months, estimated cash dividend or ex-distribution date.
- q — new year/yr high.
- r — trading notes.
- s — when bankruptcy or reconvertible or being reorganized under the Bankruptcy Act, or securities assumed by such corporation — when distributed.
- t — when suspended.
- u — with warrants.
- v — with rights.
- w — as distribution.
- x — with rights.
- y — ex-dividend and sales in full.
- z — yield.
- 1 — sales in full.

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Jan 18 1962

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[illegible]

For information on how to list your fund, fax Catherine de VIENNE at (33-1) 46 37 21 33.

SPORTS

Desperate Big League Clubs Working the Retread Market

By Murray Chass

New York Times Service

NEW YORK — On the one hand, the fellow showed ingenuity; on the other, he showed how desperate the major league clubs are to find replacement players for their replacement season.

The fellow was the Philadelphia Phillies' employee that Andy McGaffigan had called to invite to play in his golf tournament in Lakeland, Florida, a tournament that would benefit the baseball team at his alma mater, Florida Southern College.

"He said, 'Can you throw?' I said, 'Yeah, I can throw,'" McGaffigan said, recounting the telephone conversation. "I didn't know what he meant at first. He said again, 'Can you throw?' Then I understood. I said, 'Yes, but I'm not going to.' He said, 'We're looking for guys, guys who have had time in the big leagues, guys on the bubble the last few years. We're looking to fill rosters.'"

And did McGaffigan, a former major league pitcher, enroll for the cause? "I said I just couldn't do it," he related. "I said my coming in as a player would only prolong the process, hurt the Players Association and in the long run hurt my reputation among my peers. Any short-term gain I would receive monetarily, I'd have a tough time looking my teammates and opponents in the eye. I'm just not that kind of guy."

Dan Gladden and Von Hayes have told clubs they aren't that kind of guy either. The two outfielders and McGaffigan are typical of the players that clubs are seeking in their determination to show striking players they can do without them and make the strikers nervous enough to be lured back to work, at least when the season starts or shortly thereafter.

Gladden, Hayes and McGaffigan all rejected the propositions. Others have, too. Some probably have accepted or will accept, but they most likely will remain quiet about their plans. Gladden, Hayes and

McGaffigan didn't exactly advertise their experiences, but word spread. McGaffigan, 38, last pitched in 1991, in four games for the Kansas City Royals.

Hayes, 36, last played in 1992, his career effectively ending when the California Angels released him. He was in the Milwaukee Brewers' minor league training camp last spring but went home voluntarily.

Gladden, 37, has not retired. He played in Japan last year after two seasons in Detroit.

But with a need for 32 players for each of 28 clubs, a total of 896, clubs are scouring the lists of retired and released players and six-year minor league free agents.

[The Toronto Blue Jays, who are holding a tryout camp for potential replacements Saturday at their spring training home in Dunedin, Florida, have been advertising for players. The Associated Press reported, "Could you make it in the Major Leagues?" ask the ads in several Southern

newspapers this week. Previous ads were run in California.]

Bud Selig, the acting commissioner, has said the clubs "are committed to playing the 1995 season and will do so with the best players willing to play."

That's not exactly the way George Steinbrenner did it in the 1970s and early 1980s when he put together "the best team money can buy." Instead of having Steinbrenner woo Reggie Jackson with dinner at "21," the owners are sending their general managers after players they think can be bought with a cup of coffee at a diner.

McGaffigan took his story to the players' meeting the union held last week in Tampa, Florida, one of a series of such meetings.

"All the striking players know they're not striking for themselves," he said. "They're striking for everyone who played this game and will play it. I shared exactly that thought at the meeting. I said I have to let you know that if I were to

take that \$115,000, that would fit real nicely into my budget, but it's not worth it to me. I know what happened in 1976, '72, '81. Guys went to the rear for me so I could earn what I earned. Maybe this is my turn."

Still, the replacement-player idea is perfect for the Chicago White Sox. Under two different commissioners, Fay Vincent and Bud Selig, the White Sox failed to gain permission for Minnie Minoso to play a game in the 1990s so he could extend his streak to having played in the major leagues in six successive decades.

He began his career with nine games in 1949, and after he retired in 1964 the White Sox brought him back for three games in 1976 and two in 1980. Considering some of the other players that clubs have pursued, Selig couldn't very well object to the use of the 72-year-old Minoso.

Boyd Calls It His 'Chance'

Compiled by Our Staff From Dispatches

NEW YORK — Oil Can Boyd, who last pitched in the majors in 1991 and in the interim, by his own description, "pitched against anybody, women, on dirt roads in Mexico, rode buses for 23 straight hours," says he has agreed to a contract with the Chicago White Sox.

"I've been through a couple of strikes and I know what those are about," the 35-year-old right-hander said late Tuesday. "But I wanted another chance to play ball, and if this is what it takes, then I'm going to do it."

"I have a family to take care of," he added. "Nobody will dictate how I take care of my family. The last thing I care about is what other people think."

George Kalafatis, who had represented Boyd, said he was resigning as his agent.

"I'm preparing a letter notifying him of the fact that I can no longer represent his interests pursuant to the rules adopted by the players' association," Kalafatis said.

Engene Orza, the union's lawyer, said of Boyd's decision, "Given my relationship with him, I'm saddened by it. I haven't had a chance to talk with him yet. But then again, he hasn't played since 1991."

Meanwhile, Donald Fehr, the head of the union, accused the acting commissioner, Bud Selig, of lying to Congress.

"I have been advised that in your lobbying efforts on and off of Capitol Hill, you and other owners have been telling people, particularly members of Congress, that the players' association is refusing to return to the bargaining table in an attempt to negotiate a resolution of our dispute," Fehr wrote Selig in a two-page letter that was made public.

"As you well know, that is false. The owners walked out, not the players."

There hasn't been a bargaining session since Dec. 22, when the owners rejected a taxation proposal by the players, declared an impasse in negotiations and unilaterally imposed a salary cap system the following day. The owners' 12-member negotiating team is scheduled to meet Thursday with the special mediator, William J. Utery, in Washington.

(AP, NYT, WP)

Syracuse Wins 13th, Again Barely

The Associated Press

Syracuse has now won 13 consecutive games, to the Connecticut for the longest current U.S. college basketball winning streak. The last three, however, have been close.

"Mentally, we just have to come prepared," Lawrence Moten said after scoring 21 points as No. 6 Syracuse held off St. John's, 91-87, Tuesday night. "We got lackadaisical in the second half. In order for us to be a good team, we have to play for 40 minutes. We haven't been doing that lately. The only successful thing is that we've been getting the victories."

The Orangemen (13-1, 6-0 Big East) have won their last three games by a combined seven points, but are tied with No. 2 Connecticut atop the conference standings. The two play Monday night in Storrs, Conn., which lost its season

opener by 111-104 in overtime to George Washington, was almost upstaged at home by St. John's freshman Felipe Lopez, who matched the Carrier Dome record for points by an opponent with 35.

He got 29 in the second half as St. John's (8-5, 2-4), which lost its

COLLEGE HIGHLIGHTS

fourth in a row, nearly erased a 19-point second-half deficit.

"I was playing with a lot of confidence. I was saying I'll take the shot if I've got it," said Lopez, who matched the record set by Navy's David Robinson in the opening round of the 1986 NCAA tournament.

St. John's closed to 85-82 with 32 seconds to play on a three-point play by Charles Minlend, but Syracuse was perfect on eight free throws in the last 39 seconds.

John Wallace scored 24 points for Syracuse.

No. 22 Georgia Tech 67, No. 15 Wake Forest 65; Drew Barry had 18 points and Travis Best 16, three on free throws in the final 20 seconds, as the Yellow Jackets (10-5, 2-2 Atlantic Coast Conference) won despite blowing an 8-point lead with 3:45 to play.

The visiting Demon Deacons (9-3, 2-2) had two chances after Best made it 67-65 by making one of two free throws with 10 seconds to play. Randolph Childress, who finished with 22 points, missed a 3-pointer and Travis Banks' tip-in at the buzzer failed.

Michigan 69, No. 20 Illinois 59; The Wolverines (10-6, 4-1 Big Ten) won consecutive road games for the first time this season and tied the Illini (13-4, 4-1) for first place in the conference.



Shaquille O'Neal, engaged in a tête-à-tête with Alonzo Mourning, got 35 points and 15 rebounds as the NBA Magic won, 109-98. Mourning led the Hornets with 33 points and 12 rebounds.

Rams Strike Gold in St. Louis

Los Angeles Times Service

ST. LOUIS — It's official: The Los Angeles Rams have taken the money and run. In a frenzy of self-congratulation, the Rams were signed, sealed and all but delivered to football-starved St. Louis. The city by the Mississippi put a virtual pot of gold at the end of its famed arch and lured away what was once one of the National Football League's most distinguished franchises.

Signing a blown-up version of a relocation agreement, city and county officials Tuesday turned the anti-climactic announcement of the move into a giddy celebration complete with indoor fireworks and streamers.

"I'm overwhelmed," joked the team's owner, Georgia Frontiere, 67, who stands to make more than \$20 million annually as part of the deal. "I don't think I've been this happy since the last game we won."

Frontiere, who has been shopping cities for more than a year, also introduced her new partner, Stan Kroenke. The Missouri businessman will pay \$60 million for a 30 percent share of the team and the title of Rams' vice chairman of the board.

Pending league approval, the move will end the Rams' 49-year relationship with Southern California, where the team made 14 playoff

appearances from 1973-89 and reached the 1980 Super Bowl.

It also ends a seven-year NFL drought for St. Louis, which lost the Cardinals to Phoenix in 1988.

Some were wondering if the city had paid too much for the team. The package: A new, 70,000-seat domed stadium financed by taxpayers. A guarantee that 85 percent of the luxury boxes and club seats will be sold for the next 15 years, with all home-team proceeds going to the Rams. A \$30 million payoff to the city of Anaheim. A new practice facility at a cost of \$12 million to \$15 million. An estimated \$6 million to cover losses the Rams incurred in 1994. All moving costs and any legal expenses related to the move paid for.

Some people are especially perturbed that fans will be forced to pick up \$67 million of the relocation tab through a personal seat licensing program, in which they will have to pay a one-time fee of \$250 to \$4,500 for the right to purchase season tickets.

About 46,000 licenses will go on sale; what's more, if 40,000 seat licenses aren't sold by mid-March, when the NFL probably will vote on the Rams' proposal to move, the team will have the option to void the deal.

SCOREBOARD

NBA Standings

EASTERN CONFERENCE

Atlantic Division

W L Pct GB

Orlando 30 7 .411

New York 21 13 .418

Boston 12 21 .364

New Jersey 12 21 .364

Miami 11 24 .314

Philadelphia 10 25 .286

Washington 8 28 .286

Central Division

W L Pct GB

Cleveland 22 12 .457

Charlotte 22 12 .457

Indiana 20 15 .571

Chicago 18 18 .500

Portland 18 18 .500

Milwaukee 17 23 .429

Detroit 11 22 .333

WESTERN CONFERENCE

Midwest Division

W L Pct GB

Utah 26 10 .722

Houston 22 12 .447

San Antonio 21 12 .438

Denver 18 18 .500

Dallas 16 17 .485

Minnesota 8 27 .296

Pacific Division

W L Pct GB

Phoenix 28 8 .776

Seattle 28 8 .776

L.A. Lakers 28 8 .776

Sacramento 28 8 .776

Portland 28 8 .776

Golden State 28 8 .776

L.A. Clippers 28 8 .776

TUESDAY'S RESULTS

W L Pct GB

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Boston 28 8 .776

Portland 28 8 .776

Golden State 28 8 .776

L.A. Clippers 28 8 .776

L.A. Lakers 28 8 .776

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Other Major College Scores

EAST

Army 81, Holy Cross 52

Cornell 74, Buffalo 62

Northwestern 76, St. Francis 59

Seton Hall 66, Boston College 58

St. Joseph's 78, Duquesne 72

Yale 66, Harvard 54

SOUTH

Clemson 71, Georgia Southern 59

LSU 74, Auburn 61

Virginia Tech 57, Wake Forest 54

Rice 64, Texas A&M 62

SW Texas St. 64, Utah 62

SOUTHWEST

Colorado 97, Texas-San Antonio 64

Idaho St. 82, Sacramento St. 72

FAR WEST

Jacksonville 77, North Carolina 71

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SPORTS

Disaster Shakes Japanese Players in Open

MELBOURNE—Naoko Sawamatsu was in tears because of reports that her best friend was believed to be dead. Kimiko Date was visibly worn and shaken.

The tragedy of the earthquake that has killed more than 3,000 people in Kobe and Osaka in western Japan hit home forcibly at the Australian Open.

Sawamatsu won her first-round match Wednesday and then wept. She had been told before her 6-3, 6-3 victory over countrywoman Ai Sugiyama that her friend was believed to have been one of the victims.

Sawamatsu's family's home in a suburb of Kobe was destroyed, but family members were safe, she said. She said she had considered pull-

ing out of the tournament, but had been persuaded to continue by an aunt living in Tokyo.

"My family home has been destroyed, that is also my home," Sawamatsu said. "My grandparents, parents and my brother live in that house."

Date, 24, who triumphed by 6-2, 6-2 over Elena Likhovtseva of Kazakhstan, also spent much of Tuesday trying to call home.

"I have friends in Kobe and was trying all the time to contact them," said Date, who lived in the port city from age 16 to 20.

"I was very worried. My family lives in Kyoto so their house was O.K., but last night I had trouble sleeping."

Even players not directly in-

volved were touched by the enormity of the tragedy.

"This is not my little soap box for politics, who cares what I say, but it's obviously a bad tragedy," said Jim Courier. "It's awful watching it."

Sawamatsu said she had made about 30 unsuccessful telephone calls after her coach told her about the earthquake at mid-morning Tuesday.

"When I got through there was no answer and I thought maybe this is something serious," said Sawamatsu, who took time to compose herself before meeting the media.

"I contacted my aunt in Tokyo and she said when the earthquake occurred my younger brother had taken the mobile phone with him

and informed her everyone was O.K.," she said.

She had yet to speak to her family and did not know if they had been in the house at the time of earthquake, but had contacted others in Japan.

"I was informed there has been unconfirmed information that my friend might have been killed in the earthquake," she said. "And, of course, there are others I know of who might have been killed."

Despite her aunt's urgings, Sawamatsu wondered if she was doing the right thing by continuing in the tournament.

"I don't know how I will feel tomorrow," she said. (AP, AFP)



Naoko Sawamatsu: Friends may be dead.

Warned, Sampras And Courier Play Like Champions

MELBOURNE—Pete Sampras and Jim Courier, who have owned the Australian Open for the past three years, played Wednesday as if they had gotten the message.

Sampras, the defending champion and top seed, and Courier, who won the Grand Slam tournament in 1992 and 1993, steamrolled their opponents as they moved into the third round.

Boris Becker's loss to Patrick McEnroe in his first-round match the night before sent a warning to the other top seeds: Don't relax.

Sampras beat Slovakian qualifier Jan Krieslak, 6-2, 6-0, 6-1, in 76 minutes, and Courier taking just four minutes longer to beat Italy's Cristiano Caratti, 6-2, 6-2, 6-1.

"Everyone can lose to anybody if the other guy is playing really well," said Courier, who watched the Becker-McEnroe match. "Patrick just played a great match, so that was a tough draw for the first round."

No. 5 Michael Chang and No. 7 Michael Stich also advanced Wednesday, as did the women's No. 2, Conchita Martinez, No. 3 Jana Novotna, No. 6 Lindsay Davenport and No. 7 Kimiko Date.

Fourth-seeded Mary Pierce beat South African Elina Reinach, 6-1, 6-2, and Chang beat Morocco's Karim Alami, 6-3, 6-4, 6-1, in night matches.

Earlier, Martina Hingis, the 14-year-old from Switzerland playing her first Grand Slam tournament, lost in the second round to Kyoko Nagatsuka of Japan, 6-3, 6-4.

one player there's three other people in there, so it's tough."

Courier has been so relaxed that he's appeared with several other players, among them Carlos Kirmayr and Ronald Aggeor, in a pickup band that features reggae and classic rock 'n' roll.

"On Monday night, I went to a studio and played some drums with a few of the fellows and that was a blast," Courier said. "I'm a professional tennis player and probably a B club drummer."

And, he said, he and Andre Agassi are becoming more alike.

"We both started at opposite ends of the spectrum and we're probably each coming more into the middle," Courier said, bringing his index fingers together to make his point.

"He's working a little bit harder. I'm taking a little more free time. I think we're both trying to come to a middle ground."

The ninth-seeded Courier, who is in Sampras' half of the draw, could meet Agassi in the final. In the meantime, he's happy to have a lot of attention directed at Sampras and Agassi.

"Whether the focus is on me or not, I tend to go about my business," Courier said. "I think that the focus is deservedly on those two guys. They had great seasons last year and it is an exciting, hopefully a budding, new rivalry for the game that we desperately need."

(AP, Reuters)

Nippon Triumphs, Australian Injured

SAN DIEGO, California—With their thoughts on the earthquake victims back home, the crew of the yacht Nippon still managed to pull out a victory in the America's Cup challenger trials.

The Japanese boat waged a tough battle against France 2 and its skipper, Marc Pajot, with tacks every 30 seconds on the second beat, before gaining the advantage and sailing to victory by 1 minute, 49 seconds on Tuesday.

During the post-race news conference the team had a moment of silence for the thousands of victims of Monday's devastating earthquake near Kobe.

"We were worried and upset," said the Nippon's visibly distraught skipper, Makoto Namba. He and another crewman, Jinju Izuka, live in Kobe but had learned before the race that their families were safe.

"We are very worried," Namba said. "I have many friends in the area hit by the earthquake."

through my mind was to get him off the boat," said Dickinson. "He was off in one minute and in hospital within 30 minutes."

Bertrand beat the Sydney 95 entry by 3:42 for his first victory of the first round of the trials.

The shifty, light conditions took its toll on the crews, benefiting any boat which happened to be in the right place at the right time.

Young America's 3:32 margin of victory was little indication of its dominance of the race. At one point, it held a lead of almost 13 minutes before the patchy conditions allowed America3 to close the gap over the final stages.

The women made a change at the helm, from Leslie Egnot to Dawn Riley, the Whitbread "Round-the-World Race" veteran, but suffered their third consecutive loss after an opening victory over Dennis Conner.

"We were using all our stupid chips," said Riley.

(Reuters, AFP, AP)



Mary Pierce had a laugh beating South African Elina Reinach, 6-1, 6-2, then lauded her father for pushing "me really hard."

In England, the Long Arm of the Law Is All Muscle

By Ian Thomsen
International Herald Tribune

BICESTER, England—Arnold Schwarzenegger used to be a bodybuilder. Peter Reid is an actor now—usually the good guy running down the bad guys—and Peter Reid admits to loving the Schwarzenegger action movies. They are an inspiration.

"But I have to be level-headed when I'm on the job," Reid said the other day in the police station of this town near Oxford. "I must keep my feet on the ground at all times, be in control. The truth is, I don't know my own strength."

Reid is a police constable, a motor-vehicle patrolman. The neck of his tailored uniform shirt measures 18½ inches, and it drapes his 57-inch chest and his 32-inch waist much as a light-blue veil covers a statue. At one time in Schwarzenegger's career they probably had more in common, for Reid, too, has won the Mr. Universe and Mr. World bodybuilding championships that Schwarzenegger won. Then Arnold went off to Hollywood while Peter, now 32, joined the Thames Valley Police in 1985.

In the early days, walking the beat in Oxford, he caused a sensation. Photographs of him posing in competition reveal that the domes of his flexed shoulders and biceps are almost as large as his shaven, gleaming head. In

uniform, then, handcuffs have the look of delicate jewelry on his hip. If trouble saw him coming, it did a double-take and got out of the way. But he didn't love the job.

"I don't like Oxford," he said. "It's too crowded."

Too much action?

"If there are a lot of people around I feel that they are invading my space," he said.

Born in Jamaica, Reid rejoined his mother in England when he was 14. He was a rugby player until he blacked out during a match and "decided then that was not a sport I wanted to play. But I had been weight-training for rugby and I enjoyed it. I didn't want to give it up."

"If there are a lot of people around I feel that they are invading my space," he said.

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He took up bodybuilding for nine years before entering his first amateur competition, which he won in 1984, becoming Mr. England. In those days Mr. Reid was a caterer, the largest, strongest caterer anyone had ever seen. He was in charge of meats.

"It annoyed me," he said. "I would take great pride in preparing the meats, in setting it all out properly, making certain that the display was absolutely brilliant. My staff would spend hours on that. But the people would not come to eat. They devoured it. They would just hack through it."

Growing up in Jamaica, he had always been stuck on the colorful police uniforms—the red seam running the

length of the black trousers, the shiny buttons and the black cap with the red rim and the gun on the hip. Doesn't the boy who dreams becoming a policeman imagine it's heroic work? When Reid applied for the police he already had the heroic muscles. The moment he was born, his mother had told him, an earthquake had struck. Implied was the idea that he would do something marvelous.

On the day he made his first arrest, his squad had been briefed about a suspect wanted for "ABH"—an actual bodily harm—with the warning that he liked to brawl with policemen. Later that day, Reid was driving through Oxford when he saw the suspect sitting with friends in a parked car.

"My training partner got out of our car and went to talk to him," Reid said. "He was waving his hand. I could tell things were going wrong. I was nervous but I said, 'I'm a police officer. I can't just sit here. I got out of the car and that guy, I had him eating out of my hands the moment he saw me.'"

There are parts of every Schwarzenegger movie when the star lets loose, breaking a bone with a mere shifting of his hands. Constable Reid worries about these things all the time. One Friday night, chasing a drunk, he grabbed the man in a headlock and felt him go limp.

"It was the combination of the adrenaline and wanting to get your prey, so to

speak," Reid said. "There are two veins in your neck that carry blood to your head; I was cutting the supply of oxygen to his brain. The moment it happened I knew what I had done. I was saying, 'Oh, no, please.' I released it and he fell to the ground and came around, but in that one instant I could have killed the guy. It really is true that I don't know my own strength."

The other truth is that the strongest people have the least need for violence. Reid has never had to fight since joining the police 10 years ago.

He transferred out of Oxford four years ago to join the traffic division. He spends most of each day in a patrol car, driving up and down a 40-mile stretch of the M40 motorway serving Oxford. He wakes up at 5:30 each morning to prepare his special meals, the kind of food that would go untouched in a public buffet line, up to six meals per day. After work it's two hours in the gym, and he's in bed by 10 at the latest.

He believes the discipline of his sport complements the police work. If he has to, he will lift a car out of traffic—he can do that—but mostly he says he is seeking calm.

Can he be respectable and professional in spite of whatever first impressions you might hold? For the main duty of Mr. Universe, the real-life Arnold, is to write you a ticket for speeding.

Pierce said she was playing with renewed confidence.

"I think a lot has changed, and last year was a great year for me. I won a lot of things in my tennis and off the court, and I think as a person and as a tennis player I'm more confident with myself."

There has been much said about Pierce's relationship with her father and one-time coach, Jim, who was banned from the women's circuit for disrupting matches. But she credited him with giving her a good start in her career and said she phones him often.

"He pushed me really hard, which I don't regret," Pierce said. "I think it's something very good actually, because I think he gave me the hard work ethic."

Sampras and Courier said the relaxed atmosphere and friendly crowds in Melbourne had helped them play better.

"It's always nice to have that support when you are playing," Sampras said of the warm reception he's accorded at the National Tennis Center. His parents are Greek-American, and no city outside Greece has more Greeks than Melbourne's half-million.

Courier, meanwhile, said he liked the quietness in the locker room and lounge.

"There's a lot less business going on," he said. "There's a lot fewer agents and tournament directors and what not who are making deals, particularly in New York. As well, there's much less family here for the other players. So for us around the restaurant and lounge, it's a lot more relaxed."

"The U.S. Open, I call that place the shark tank. For every

Open Results

Men's Singles, Second Round

Pete Sampras (1), U.S., def. Jan Krieslak, Slovakia, 6-2, 6-0, 6-1; Stefan Poeschl, Italy, def. Michael Tabbutt, Australia, 6-3, 6-4, 6-2; Michael Stich (7), Germany, def. Alex O'Brien, U.S., 6-4, 6-3, 6-4; Andrei Panatta (15), Sweden, def. Nicolas Pietrangeli, Venezuela, 7-4, 7-6(4), 6-3.

Lars Johansson, Sweden, def. Richard Fromberg, Australia, 7-5, 7-6(4), 6-2; Daria Petrova, U.S., def. Jan Siemerink, Netherlands, 6-2, 6-3, 6-2; Jim Courier (9), U.S., def. Cristiano Caratti (13), Italy, 6-2, 6-2, 6-1; Martina Hingis, Switzerland, def. Corina Ullrich, Germany, 7-5, 6-2, 6-2.

Karol Novacek, Czech Republic, def. Radek Vasek, Czech Republic, 6-2, 6-3, 6-4; Mark Woodhouse, Australia, def. Steve Stevens, New Zealand, 7-6(4), 6-3, 6-3; Michael Chang (5), U.S., def. Karim Alami, Morocco, 6-3, 6-4, 6-1.

Women's Singles, First Round

Elena Likhovtseva, Russia, def. Linda Linderoth, Latvia, 6-4, 6-1; Lindsay Davenport, U.S., def. Pam Shriver, U.S., 6-3, 6-4; Helena Sukova, Czech Republic, def. Mercedes McGrath, U.S., 6-3, 6-1; Lisa Raymond, U.S., def. Yuka Yoshida, Japan, 6-4, 6-2.

Kimiko Date (7), Japan, def. Elena Likhovtseva, Kazakhstan, 6-2, 6-3, 6-4; Rodica Zbranca, Slovakia, def. Nicole Pietrangeli, U.S., 6-4, 6-1; Sabine Hroch, Germany, def. Martina Hingis, Switzerland, 6-4, 6-2; Petra Schwarz-Ritter, Austria, 7-6(4), 6-3, 6-4; Naoko Sawamatsu, Japan, def. Ai Sugiyama, Japan, 6-3, 6-2.

Second Round

Brandt Schultz (12), Netherlands, def. Bettina Fulke-Villella, Argentina, 6-1, 6-4; Anne Huber (18), Germany, def. Elena Likhovtseva, Kazakhstan, 6-2, 6-3, 6-4; Sandra Testa, France, def. Martina Hingis, Switzerland, 6-4, 6-2; Martina Hingis, Switzerland, def. Elena Likhovtseva, Kazakhstan, 6-2, 6-3, 6-4; Rodica Zbranca, Slovakia, def. Nicole Pietrangeli, U.S., 6-4, 6-1; Sabine Hroch, Germany, def. Martina Hingis, Switzerland, 6-4, 6-2; Petra Schwarz-Ritter, Austria, 7-6(4), 6-3, 6-4; Naoko Sawamatsu, Japan, def. Ai Sugiyama, Japan, 6-3, 6-2.

Men's Doubles, First Round

Andre Agassi, U.S., and Jim Courier, U.S., def. Andrei Panatta, Italy, and Nicolas Pietrangeli, Venezuela, 6-3, 6-4, 6-3; Andrei Panatta, Italy, and Nicolas Pietrangeli, Venezuela, def. Andre Agassi, U.S., and Jim Courier, U.S., 6-3, 6-4, 6-3; Andre Agassi, U.S., and Jim Courier, U.S., def. Andrei Panatta, Italy, and Nicolas Pietrangeli, Venezuela, 6-3, 6-4, 6-3; Andre Agassi, U.S., and Jim Courier, U.S., def. Andrei Panatta, Italy, and Nicolas Pietrangeli, Venezuela, 6-3, 6-4, 6-3.

Women's Doubles, First Round

Lisa Raymond, U.S., and Lindsay Davenport, U.S., def. Yuka Yoshida, Japan, and Kimiko Date, Japan, 6-3, 6-2; Kimiko Date, Japan, and Elena Likhovtseva, Kazakhstan, def. Lisa Raymond, U.S., and Lindsay Davenport, U.S., 6-3, 6-2; Kimiko Date, Japan, and Elena Likhovtseva, Kazakhstan, def. Lisa Raymond, U.S., and Lindsay Davenport, U.S., 6-3, 6-2; Kimiko Date, Japan, and Elena Likhovtseva, Kazakhstan, def. Lisa Raymond, U.S., and Lindsay Davenport, U.S., 6-3, 6-2.

CROSSWORD

ACROSS

1 Some microwaves

7 Bully

10 Good luck charm of the Middle Ages

14 Comeback

15 Chemistry pioneer Andrew

16 Science series since 1974

17 Wrong idea

20 Nimbi

21 Sorceress of Aesha

22 Butterfly's slash

23 Capital of Cuba

24 Knitted shoes

25 Wires by wireless

26 Bee, in a way

31 Coalface

32 Ticked off

33 Lakes in the distance

36 Grews

40 File

42 Show fear

46 Sandpiper

47 Of the skull

48 Photograph inventor's monogram

49 Joanne d'Arc, e.g.: Abbr.

50 Pines

51 Three-time British Open winner

52 Eyeball bender

53 Now's companion

59 Pines

61 Hard, dry, one-seeded fruit

62 London park

63 Baker's abbr.

64 Was impolite

DOWN

1 Sandy's remark

2 1958 song

3 "Make Miracle"

4 Quicks bite

5 Hawaii's is 808

6 Rural steps

7 Tarot suit

8 Celebrated Brun bluesian

9 Minute

10 Type of inspection

11 Pears, in Paris

12 Long-legged shore bird

13 Alleys have them

18 Shamp and Curly's brother

19 Part of the U.K.

22 Unadorned

24 Free

25 Enemy of Rocky and Bullwinkle

27 Rare avis

28 Officialholder

29 Positivism founder

30 Play for time

34 Singer McEntire

35 Flume

36 Shooter

37 Grigs

38 Please

41 Compass dir.

42 Mounted antlers, to some

43 Blow one's stack

44 Battering ram or catapult

45 Hedgepodge: Abbr.

46 Cowboys' home

47 Galico, e.g.

48 Chess champion of 1900

51 Effervescence

52 Part of the Dept. of Labor

54 Plus

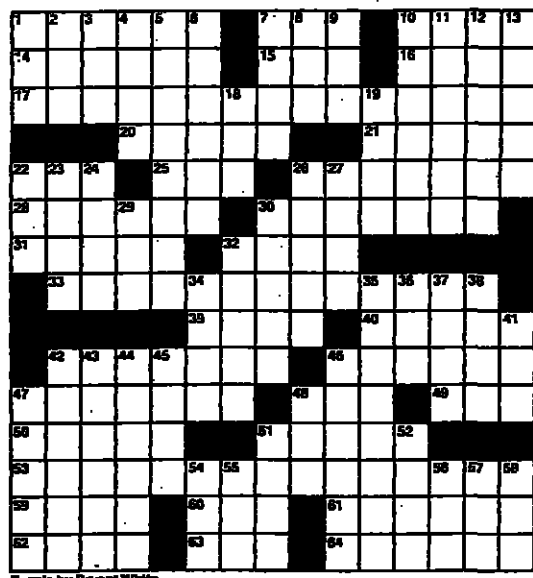
56 Singer Sayer

58 Front end?

59 Chess

60 Together

61 Writer Buntilne



Puzzle by Bryant White

© New York Times/Edited by Will Shortz

Solution to Puzzle of Jan. 18

ACROSS

1 SANDY'S REMARK

2 1958 SONG

3 MAKE MIRACLE

4 QUICKS BITE

5 HAWAII'S IS 808

6 RURAL STEPS

7 TAROT SUIT

8 CELEBRATED BRUN BLUESIAN

9 MINUTE

10 TYPE OF INSPECTION

11 PEARS, IN PARIS

12 LONG-LEGGED SHORE BIRD

13 ALLEYS HAVE THEM

18 SHAMP AND CURLY'S BROTHER

19 PART OF THE U.K.

22 UNADORNED

24 FREE

25 ENEMY OF ROCKY AND BULLWINKLE

27 RARE AVIS

28 OFFICIALHOLDER

29 POSITIVISM FOUNDER

30 PLAY FOR TIME

34 SINGER MCENTIRE

35 FLUME

36 SHOOTER

37 GRIGS

38 PLEASE

41 COMPASS DIR.

42 MOUNTED ANTLERS, TO SOME

43 BLOW ONE'S STACK

44 BATTERING RAM OR CATAPULT

45 HEDGEPODGE: ABBR.

46 COWBOYS' HOME

47 GALICO, E.G.

48 CHESS CHAMPION OF 1900

51 EFFERVESCENCE

52 PART OF THE DEPT. OF LABOR

54 PLUS

56 SINGER SAYER

58 FRONT END?

59 CHESS

60 TOGETHER

61 WRITER BUNTLINE

Prayers Answered in Spain: Snow Falls

SIERRA NEVADA, Spain—Organizers of the World Alpine Ski Championships may have smirked at the idea of beseeching St. Anthony for snow. But, Wednesday, the prayers of villagers in the drought-stricken province of Granada were being answered.

Officials said 7 to 10 centimeters (3 to 4 inches) of snow had fallen by late afternoon at 2,500 meters (8,200 feet). The snowfall is expected to continue into Saturday, according to the national weather service.

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(Continued From Page 15)

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ART BUCHWALD

Victims of Reform

WASHINGTON — Chopping off a government program can be one of the cruellest cuts of all.

There isn't one conservative I know in Washington who doesn't want the government to get off people's backs. The word is, "We have to stop spending on wasteful welfare programs, and underwriting socialist experiments and public television, and give the money back to the American taxpayer — where it belongs."



Buchwald

I was willing to buy the whole "Contract With America" when I saw one of Newt Gingrich's most ardent supporters dozing on the sidewalk in front of my building surrounded by his furniture and file cabinets.

"What's up?"
"I lost all my consulting contracts with the government, and so they threw me out in the street."

"That's terrible," I said. "You were one of the people who started the revolution when you promised to streamline government and cut it down to where it was under Millard Fillmore."

"Of course, I was, but when I called for government reform I didn't know they were going to throw out the consultants with the bathroom."

I tried to think of something reassuring to say.

"You can't make an omelet without breaking eggs," was all I could come up with.

This didn't seem to help. "If I knew then what I know now, I would have campaigned for bigger government, pork budgets and a deficit larger than the Grand Canyon."

"When you start reforming government too many people are kicked out of work. I had a staff of 20 — people who came out of the government sector — doing mammoth studies in five colors on the government's predictions for water sports for the year 2000, as well as one on how to raise foster children in Trappist monasteries by making the states pay for it. All these studies are now in the shredders."

While we were talking, federal marshals were carrying lawyers out of the building on stretchers and dumping them on the curb.

One of the senior partners said to me, "We lost the CIA sexual harassment account. The agency has orders from the budget department to settle out of court. And if that isn't bad enough, Justice is closing down its antitrust division. We don't even have enough funds to provide lunch for our paralegals. The 'Contract With America' is ignoring how much tax money lawyers can save the government."

By this time the sidewalk was crowded with bankrupt people who once served in key positions advising the government.

One pathetic case was a lobbyist in a scuffed Brioni suit holding a paper cup. In past administrations he managed to squeeze a half-billion dollars out of the Agriculture, Defense and Housing departments for clients back home. Now he was on the street hoping to collect enough money to buy a dry martini at the Capitol Hill Club.

Obviously if Congress keeps cutting back like this, Washington will become a ghost town. There's already talk that the empty offices in my building are going to be turned into sweatshops for senior citizens who will be required to pay their share of Medicare.

In Berlin, a New Wave of Russian Artists

By Stephen Kinzer

New York Times Service

BERLIN — For the second time this century, Russian artists are descending on Berlin. In the years after the 1917 revolution, 50,000 Russians came here, establishing Russian newspapers, galleries, cafes and theater companies. Among them were creative artists ranging from Vladimir Horowitz to Wassily Kandinsky to Vladimir Nabokov.

A smaller version of that scene is now flowering here. Many Russian artists are using Berlin as a base from which to seek an international audience. At a spacious loft in eastern Berlin one evening last month, ballet dancers entertained guests at the opening of a new complex called Russian Field, which is dedicated to promoting art from St. Petersburg.

The first exhibition was of large-format works, and it was organized by Yevgeni Kozlov, a leading figure in the St. Petersburg art underground in the 1980s. The pieces ranged from photo collages to bright semi-abstract paintings by Kozlov himself. "Before the revolution, there was a great wave of art coming from Russia," Kozlov said at the opening. "For 70 years, this art was either not created or not shown. Now Russia is part of the world again, and there is a great surge of artistic energy. Berlin seems to be the center of interest in what we're doing."

About 15,000 Russians live legally in Berlin and perhaps nearly that many more are undocumented. Among them are scores of artists, enough to have built a community here. They have their own hangouts, like the Pasternak Cafe in the funky eastern neighborhood of Prenzlauer Berg, where they sip Russian tea brewed in samovars or dine on borscht and blinis. Many turn out for special events, like the Russian breakfasts and Russian fairy tale evenings that were mounted to complement a show in December by German and Russian artists in the Hackeschen Hofe, a cultural center near Prenzlauer Berg. "I don't think you can compare the current moment to the '20s, which was the last time a large number of Russian artists came to Berlin," said Jule Reuter, a German art historian who has written extensively about Russian art. "But in one sense it is richer, because there is so much more variety to what is being produced. This is art that deserves a market. It has as good a chance of finding a market in Berlin as anywhere in the world."

Specialists in contemporary Russian art say the artistic traditions that have developed in Moscow are markedly different from those of St. Petersburg.

"Moscow art is more conscious of trends, more clearly tied to developments in the West," said Hannelore Fobo, director of the group that is backing Russian Field. "In Moscow you see more installation art, visual art and conceptual art. Some art produced in Moscow has a stronger Asian feel, as opposed to a Slavic feel. St. Petersburg is more European, but at the same time more provincial. Painting still plays a big role in the art scene there."



Yevgeni Kozlov, from St. Petersburg, with one of his works at a Berlin show.

A rich exhibition in Kiel entitled "Positions in St. Petersburg Art From 1970 Until Today" will open at the Haus am Waldsee in Berlin on Feb. 3. It will then go to Norway and Poland before being mounted in St. Petersburg at the end of 1995. "Our contemporary art is contemplative and meditative by nature," wrote Viktor Krivulin, an artist from St. Petersburg, in the exhibition catalogue. "It developed special ways of enabling people to persistently ignore the total politicization of everyday existence that was forced on Russian artists since the first days of Bolshevik rule."

Perhaps the clearest sign that the Berlin art establishment has rediscovered its fascination with things Russian was the announcement that the Berliner Festspiele would be based on the theme "Berlin-Moscow" this year. Leading Russian and German writers, painters, sculptors, dancers and filmmakers, as well as orchestras, opera companies and theater troupes, are to participate in the festival, which opens in late summer and continues until November.

A grand-scale exhibition featuring Russian art, photography, film and design will open at the Martin Gropius Bau in September and run for five months before traveling to the Pushkin Museum in Moscow.

PEOPLE

Jimmy Carter, Poet And Champion Signer

With the economy of a time-study man, former President Jimmy Carter kept signing his new book of poems for customers lining up at Rizzoli's bookstore in the World Financial Center in New York. "I Carter," he wrote with a felt-tip pen, paring off the first name so as to squeeze in more signatures in the allotted two hours. He maintained a steady pace of about 20 books a minute. Carter said he found poetry to be a "more deeply self-revelatory experience" than other writing. A sample, from "Hollow Eyes, Bellies, Hearts," written in the White House, which asks sardonically: "Why think of slaves, nameless deaths? Best be still, as in other days. Response was bland to Hitler's deeds — Should we condemn our fathers' ways?"

Robert Redford and executives of Showtime Networks Inc. announced that they were forming a new cable channel for independent films, including movies distributed by Hollywood studios as well as some foreign films. The new channel, called the Sundance Film Channel, will begin operations in the fall.

The country music legend Chef Atkins has gotten hip to jazz. "You've got to face the fact that country jocks don't play my records anymore," he said in CountryBeat magazine. "So I have to make my records for other stations that will play them, such as jazz and so on."

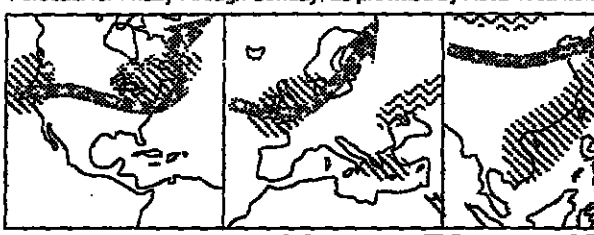
Paul Muldoon, a Northern Irish poet who teaches at Princeton University, has been awarded the T. S. Eliot Prize for poetry, for his collection, "The Annals of Chile." Valerie Eliot, the widow of T. S. Eliot, presented the \$8,000 award.

WEATHER

Forecast for Friday through Sunday, as provided by Accu-Weather.

Europe	Today	High	Low	High	Low	High	Low
Algeria	14/27	9/46	15/26	8/46	1	1	1
Amsterdam	6/40	3/57	6/43	2/36	1	1	1
Ankara	2/28	8/18	1/34	4/18	1	1	1
Antwerp	12/25	7/44	12/22	7/44	1	1	1
Berlin	12/25	6/43	13/25	6/43	1	1	1
Birmingham	3/27	1/21	3/27	1/21	1	1	1
Bombay	2/25	2/25	4/29	1/21	1	1	1
Buenos Aires	6/43	3/27	6/43	3/27	1	1	1
Burgas	2/25	1/21	3/27	1/21	1	1	1
Calcutta	2/25	1/21	3/27	1/21	1	1	1
Cairo	14/27	9/46	15/26	8/46	1	1	1
Cardiff	6/43	3/27	6/43	3/27	1	1	1
Chennai	6/43	3/27	6/43	3/27	1	1	1
Columbus	6/43	3/27	6/43	3/27	1	1	1
Copenhagen	6/43	3/27	6/43	3/27	1	1	1
Dallas	6/43	3/27	6/43	3/27	1	1	1
Dhaka	6/43	3/27	6/43	3/27	1	1	1
Dublin	6/43	3/27	6/43	3/27	1	1	1
Edinburgh	6/43	3/27	6/43	3/27	1	1	1
Frankfurt	6/43	3/27	6/43	3/27	1	1	1
Geneva	6/43	3/27	6/43	3/27	1	1	1
Hamburg	6/43	3/27	6/43	3/27	1	1	1
Helsinki	6/43	3/27	6/43	3/27	1	1	1
Istanbul	6/43	3/27	6/43	3/27	1	1	1
London	6/43	3/27	6/43	3/27	1	1	1
Los Angeles	6/43	3/27	6/43	3/27	1	1	1
Madrid	6/43	3/27	6/43	3/27	1	1	1
Moscow	6/43	3/27	6/43	3/27	1	1	1
Munich	6/43	3/27	6/43	3/27	1	1	1
New York	6/43	3/27	6/43	3/27	1	1	1
Osaka	6/43	3/27	6/43	3/27	1	1	1
Paris	6/43	3/27	6/43	3/27	1	1	1
Prague	6/43	3/27	6/43	3/27	1	1	1
Rangoon	6/43	3/27	6/43	3/27	1	1	1
Rome	6/43	3/27	6/43	3/27	1	1	1
San Francisco	6/43	3/27	6/43	3/27	1	1	1
Seoul	6/43	3/27	6/43	3/27	1	1	1
Shanghai	6/43	3/27	6/43	3/27	1	1	1
Singapore	6/43	3/27	6/43	3/27	1	1	1
Sofia	6/43	3/27	6/43	3/27	1	1	1
Taipei	6/43	3/27	6/43	3/27	1	1	1
Tokyo	6/43	3/27	6/43	3/27	1	1	1
Washington	6/43	3/27	6/43	3/27	1	1	1
Yokohama	6/43	3/27	6/43	3/27	1	1	1

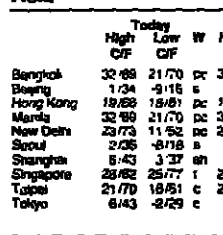
Forecast for Friday through Sunday, as provided by Accu-Weather.



North America
New York and Toronto will have rain Friday, then it will be colder over the weekend with thunders. Washington, D.C., will have rain through the weekend with dry weather. Chicago will have rain Friday, then a cold weekend. Rain will return to Los Angeles by Sunday.

North America	Today	High	Low	High	Low	High	Low
Alaska	14/27	9/46	15/26	8/46	1	1	1
Arizona	6/43	3/27	6/43	3/27	1	1	1
California	6/43	3/27	6/43	3/27	1	1	1
Colorado	6/43	3/27	6/43	3/27	1	1	1
Connecticut	6/43	3/27	6/43	3/27	1	1	1
Delaware	6/43	3/27	6/43	3/27	1	1	1
District of Columbia	6/43	3/27	6/43	3/27	1	1	1
Florida	6/43	3/27	6/43	3/27	1	1	1
Georgia	6/43	3/27	6/43	3/27	1	1	1
Hawaii	6/43	3/27	6/43	3/27	1	1	1
Idaho	6/43	3/27	6/43	3/27	1	1	1
Illinois	6/43	3/27	6/43	3/27	1	1	1
Indiana	6/43	3/27	6/43	3/27	1	1	1
Iowa	6/43	3/27	6/43	3/27	1	1	1
Kansas	6/43	3/27	6/43	3/27	1	1	1
Kentucky	6/43	3/27	6/43	3/27	1	1	1
Louisiana	6/43	3/27	6/43	3/27	1	1	1
Maine	6/43	3/27	6/43	3/27	1	1	1
Maryland	6/43	3/27	6/43	3/27	1	1	1
Massachusetts	6/43	3/27	6/43	3/27	1	1	1
Michigan	6/43	3/27	6/43	3/27	1	1	1
Minnesota	6/43	3/27	6/43	3/27	1	1	1
Mississippi	6/43	3/27	6/43	3/27	1	1	1
Missouri	6/43	3/27	6/43	3/27	1	1	1
Montana	6/43	3/27	6/43	3/27	1	1	1
Nebraska	6/43	3/27	6/43	3/27	1	1	1
Nevada	6/43	3/27	6/43	3/27	1	1	1
New Hampshire	6/43	3/27	6/43	3/27	1	1	1
New Jersey	6/43	3/27	6/43	3/27	1	1	1
New Mexico	6/43	3/27	6/43	3/27	1	1	1
New York	6/43	3/27	6/43	3/27	1	1	1
North Carolina	6/43	3/27	6/43	3/27	1	1	1
North Dakota	6/43	3/27	6/43	3/27	1	1	1
Ohio	6/43	3/27	6/43	3/27	1	1	1
Oklahoma	6/43	3/27	6/43	3/27	1	1	1
Oregon	6/43	3/27	6/43	3/27	1	1	1
Pennsylvania	6/43	3/27	6/43	3/27	1	1	1
Rhode Island	6/43	3/27	6/43	3/27	1	1	1
South Carolina	6/43	3/27	6/43	3/27	1	1	1
South Dakota	6/43	3/27	6/43	3/27	1	1	1
Tennessee	6/43	3/27	6/43	3/27	1	1	1
Texas	6/43	3/27	6/43	3/27	1	1	1
Vermont	6/43	3/27	6/43	3/27	1	1	1
Virginia	6/43	3/27	6/43	3/27	1	1	1
Washington	6/43	3/27	6/43	3/27	1	1	1
West Virginia	6/43	3/27	6/43	3/27	1	1	1
Wisconsin	6/43	3/27	6/43	3/27	1	1	1
Wyoming	6/43	3/27	6/43	3/27	1	1	1

Forecast for Friday through Sunday, as provided by Accu-Weather.



Asia
Mild air will spread across eastern China, Korea and Japan over the weekend. Rain will move into Japan and possibly South Korea by Sunday. Hong Kong will likely have periods of rain through the weekend. Singapore will be warm and humid with a thunderstorm or two.

Chicago	2:59	-1:31	3
Denver	10:25	-3:27	3
Detroit	6:43	1:54	1
Honolulu	27:30	19:58	a 2
Houston	18:64	3:37	s 1
Los Angeles	27:10	8:48	s 1
Miami	27:30	18:51	pc 2
Minneapolis	-1:31	-7:20	pc 1
Montreal	4:29	0:52	c
Nassau	27:40	20:58	s 2
New York	8:46	-1:38	c
Phoenix	20:58	8:46	s 2
Salt Lake	12:53	7:44	c
Seattle	9:48	5:41	c
Toronto	7:44	-1:31	sh 1
Washington	11:52	6:43	sh